FINANCIALTIMES

Bush abandons tax pledge after talks with Congress

The Administration admit-

ted that the deficit for fiscal

1991, starting this October, is

likely to be much higher than previously expected, reaching \$159bn even before allowing

for the costs of the savings and loan rescue. This compares

with a statutory target of \$64bu for 1991 under the

Gramm-Rudman deficit reduc-tion law.

have been urging Mr Bush to put taxes on the negotiating table, yesterday adopted a low-key approach, welcoming the statement and avoiding

any public gloating over his

change of stance. Mr Tom Foley, the Demo

Democratic leaders, who

Representatives, argued that Mr Bush, in publicly recognis-ing that an effective approach

to deficit reduction must include tax increases as well

as spending reductions and reform of the budget process, was "reflecting a consensus

that already exists in many

conomic quarters."
Detailed negotiations will resume today. Congressman Richard Gephardt, the House Majority leader, who chairs the meetings, said the aim was to "conclude as quickly as we can," suggesting a possible date of some time next month.
The Administration is still

The Administration is still likely to resist any calls for higher income taxes as too flaUS financial markets rose

statement, but both Treasury bonds and shares later came

off their initial highs. The

Treasury's benchmark long

bond was quoted 12 point higher at midsession to yield

8.51 per cent.
On the equity market, the Dow Jones Industrial Average surged 30 points in early morning trading but then dipped back and closed down

2.72 points at 2,842.33. The dollar ended lower at

the New York close, quoted at Y154.67 against an earlier high of Y155.41 and at DM1.6630 from DM1.6840. Background, Page 5; Markets,

World News

Soviet party may postpone congress to avoid split

The bitterly-divided leadership of the Soviet Communist Party was yesterday contemplating postponement of next week's crucial party congress, in a

desperate effort to avoid the final break-up of the party Meanwhile, Foreign Minister Eduard Shevardnadze rounded on critics of Soviet foreign policy, saying it was "high time to understand that neither socialism, nor friendship, nor good neighbourliness, nor respect, can rest on bayonets, tanks or blood." Page 14

Last-minute talks

Vytautas Landsbergis, Lithuania's President, held surprise talks with Soviet President uanian parliament prepared to consider a deal with Moscow. Page 14

Share dealing probe City of London regulators are investigating allegations that Dunsdale Securities, an invest ment group which collapsed earlier this month, was the centre of an illegal share-deal-

ing ring. Page 7 Settlers accord Finance Minister Yitzhak Modal said Israel would com-ply with a Soviet demand not to settle an influx of Jewish

immigrants in occupied Arab lands. Israel plans crash homes programme, Page 6

Korean unity North Korez has agreed to resume talks with South Korea next week, on eventual reunifi-cation of the two countries, a South Korean official said. Page 6

Curfew in Zambia

The Zambian Government, struggling to quell food riots raging in Lusaka, imposed a nightly curiew as the death toll from two days of disturbances rose to 14. President Kaunda cancelled a holiday to tackle the problem. Earlier report, Page 6

Student leader lives Romanian student leader Marian Munteanu, feared dead after being arrested, appeared on television, in an interview from a penitentiary hospital near Bucharest.

US oil limits

The US placed the coast of south-west Florida and most of the California coast off-limits to oil and gas leasing and development until after the year 2000. Page 4

Workers protest Hundreds of female factory

workers in Seoul were dragged away by police after they staged a street protest against union-busting practices. Picture, Page 6 Extremist arrested

braeli police arrested the sus-

lected leader of the shadowy Scarri group of Jewish zealots responsible for attacks and threats against peace activists.

Dissident arrives

Dissident Chinese scientist Fang Lizhi arrived in Britain after leaving the American embassy in Peking where he had sheltered since the Tiananmen Square crackdown last year. Picture, Page 6

Lebanese hope Lebanese Prime Minister Selim Hoss said defiant Christian

military leader Michel Aoun could be close to recognising the country's Syrian-backed

Canadian gun law Canada introduced tough new gun-control legislation promised after a gunman massacred

14 women at a Montreal uni-

Versity last December.

Removal of weapons US forces began packing chemical weapons into steel containers ready for their complete removal from West Germany.

GM considers producing car parts at **Czech plants**

ern Europe. Page 14

MARKETS: Taiwan fell sharply in late trading as selling of banking stocks spread to the rest of the market. The

Weighted index (1000)

weighted index dropped 274.43, to 5.294.12, its lowest level since January 1989. Back Page, Section II.

US entrepreneur Donald Trump parrowly averted bankruptcy when seven leading bank creditors decided to go shead with an emergency \$20m 30-day bridge loan that allowed him to make an interest pay-ment on one of his casino junk bonds. Page 15

DRESDNER Bank of West Germany plans to open 100 branches across East Germany.

INTERNATIONAL Lease Finance Corporation, the sec-ond largest aircraft lessor in the world, has agreed to be

acquired by American Interna-tional Group, the US insurance and financial services company. Page 15; Lex, Page 14 BRAZII, announced a sweeping but gradual reduction in import tariffs as part of a move to cut regulations and open

trade barriers. Page 4 MAXWELL Communications

publishing businesses depen-Page 15; Lex, Page 14 MOTOROLA and Hitachi have

reached a tentative settlement of an 18-month patent dispute which threatened to disrupt supplies of vital semiconductor chips to US computer manufac turers. Page 4 ARGENTINA is set to carry

out Latin America's single largest debt-equity swap through gest debt-equity swap tartugathe sale of 60 per cent of Entel, the nationalised telecommunications company, to Telefonica of Spain and Bell Atlantic of the US. Page 16

DAI-ICHI Mutual Life Insurance, Japan's second largest life assurance company, is to pay some \$312m for a 9.6 per cent stake in the Indiana-based

Lincoln National Page 19 CREDIT SUISSE has acquired

30 per cent of BEA Associates of New York which manages a portfolio of almost \$10bn of assets Page 20

JAPANESE government advi-sory body has reiterated its demands for bringing down barriers between different types of financial institutions. Page 20

SGS-Thomson (ST), the Fran-co-Italian semiconductor group, has asked the European Commission to act against a sharp fall in prices of one of its memory chips. Page 4 EUROPEAN Community has formally tabled its ideas for converting Gatt into a perma-neut institution, the Multilateral Trade Organisation (MTO), alongside the Interna-tional Monetary Fund and the World Bank, Page 4

CITIBANK won its long fight to link its branches in Japan to the on-line cash dispenser network of the top Japanese

Business Summary

General Motors of the US is carrying out a feasibility study into the making of transmis-sions in Czechoslovakia as part of its ambitious move into east-ern Europe, Page 14

Taiwan

on speed of steps to save ozone layer

By John Hunt, Environment Correspondent, in London

By Peter Riddell, US Editor, in Washington

BROAD disagreements over BROAD disagreements over measures to prevent the destruction of the ozone layer of the earth's atmosphere face environment ministers from nearly 100 countries who meet in London today.

The ministers had been expected to reach an accord on proposals to tighten the Montreal Protocol, which laye down the timetable for reducing and eventually ceasing the

George Bush: pledge dropped

ing and eventually ceasing the production and use of ozone-

damaging chemicals. But officials from more than 56 countries, who have been meeting in London since last week to prepare for today's conference, have failed to agree over the speed for the phasing out of chiorofluorocarbane (CFCs). phasing out of canorofulorocar-bons (CFCs), the substances which depists the come layer and allow an increase in dam-aging ultra violet radiation to reach the earth's surface. Agreement is still to be reached also on the mechanism

for administering an interna-tional fund to help developing countries introduce alternatives to CFCs.

panies said yesterday that they had jointly invested \$60m to test alternatives to ozone-destroying chemicals. Du Pont of the US, Imperial Chemical Industries of the UK, and West Germany's Hoechst were among the companies forming two consortia to explore the development of alternatives.

These are known as AFEAS. for Alternative Fluorocarbons Environmental Acceptability Study, and Paft, for Program for Alternative Fluorocarbon

PRESIDENT George Bush yesterday opened the way for a budget deal with the Democrat-run Congress by dropping the often repeated "no new taxes" pledge of his 1988 election campaign.

After lengthy discussions

with Congressional leaders, he issued a statement saying "tax revenue increases" should be part of any package to bring the federal deficit under con-

This follows more than six weeks of budget negotiations between the administration

and Congress - talks which threatened to break down while estimates of the size of the deficit were being steadily

Conference divided

Toxicity Testing.
"We've pooled our resources so that we are able to reduce the time scale needed to safely introduce" CFC alternatives, Mr Joachim von Schweinichen, director of Paft, told a news

conference in London.

Mr Joe Farman, of the British Antarctic Survey — who discovered the hole in the Antarctic ozone layer — warned

arctic ozone layer — warned yesterday that the proposals from the conference were unlikely to be tough enough to halt the damaging thinning of the ozone layer.

He said that an agreement to phase out CFCs by the year 2000 — the main proposal before the conference — could lead to a depletion of up to 25 per cent in the stratospheric ozona layer in the northern hemisphere and even higher hemisphere and even higher levels of thinning in the southern hemisphere "It is plain folly," Mr Farman

Norway, Sweden and Finland are now proposing that CFCs should be phased out by 1997, with reductions of 50 per cent by 1993 and 85 per cent by

But the US, Japan and the Soviet Union are opposed to this and want a phase-out by 2000, the date proposed by Dr Mostafa Tolba, director of United Nations Environment Programme. The European Community has said it is pre-pared to move to an earlier phase out date than 2000 but has not yet specified precisely

Scientists at yesterday's London news conference said many CFC alternatives could not possibly be ready until the mid- or late-1990s and that CFCs could not be eliminated

before 2000.

Negotiating officials also remained divided over conditions laid down by the US for the establishment of the international fund.

The US wants the biggest The US wants the biggest share of votes on the administrating committee as it will contribute possibly 25 per cent of the money. The US has also stipulated that any bilateral aid it gives to developing countries for environmental purposes abould be deducted from its contribution to the fund.

Mrs Margaret Thatcher, the Mrs Margaret Thatcher, the British Prime Minister, is

expected to announce today that the UK will make a contri-The fund is proposed at \$240m over three years. The largest countries affected, such as India and China, would be entitled to \$40m each if they signed the protocol. Obstacle race to replace CFCs,



taxes" pledge, which might

anyway provoke opposition

both from Republican Con-

gressmen and from voters in this November's mid-term elec-

Consequently, the emphasis is likely to be on expanding

the generally small scale tax

changes and user fees for spe-

cific government services, assumed in last January's bud-

get to provide an additional \$19bn in revenue.

cials have argued that agree-ment on "a credible multi-year

deficit reduction package" should be followed by a deci-

sion by the Federal Reserve to cut US short-term interest

Senior Administration offi-

Charles Haughey (left), EC president, who hands over to Italy's Giulio Andreotti on Sunday

EC pledges to aid Moscow and review South African sanctions

By David Buchen, Philip Stephens and Kleran Cooke in Dublin

EUROPEAN Community leaders ended their summit in Dublin yesterday with a promise of aid to the Soviet Union and a signal to South Africa that they were ready to respond to further dismantling of apartheid by easing sanctions.

The West German-inspired initiative for Western aid to Moscow was launched in spite of concern that it might meet serious reservations from the US and Japan at the Houston economic summit next month.
Coinciding with an explicit
link drawn by Chancellor Helmut Kohl between loans for Moscow and Soviet approval of a united Germany anchored in Nato and the EC. Community leaders charged the European Commission in Brussels to prepare by the autumn proposals "covering short-term credits and longer-term support for structural reform" in the Soviet economy.

Mr Kohl told his EC col-

leagues that President Mikhail Gorbachev had asked him "to assist in the organisation of a broad consortium" in the west to help perestroika reforms. But, as Mr Kohl's pre-summit letter to his EC partners became public, the Soviet Gov-

ernment indicated that a large aid package was premature.

None the less, the instruction to the EC Commission to launch studies on ways to aid the Soviet Union won general approval. Mr Jacques Delors, the Commission president, said regardless of the outcome the Houston summit, his EC executive would present proposals for Community assistance by October. However, President Mitter-

rand, who proved Mr Kohl's key backer at the Dublin sum-Continued on Page 14 Dublin package, Page 2 Editorial comment, Page 12

Chicago trade board to meet UK brokers on global insurance futures

THE Chicago Board of Trade is meeting representatives from leading London insurance brokers today to discuss co-opera-tion on a global insurance

futures product.
The CBOT's announcement last month that it had developed an insurance futures con-tract sparked interest in London and prompted a group of UK brokers to reveal their own

plans for a contract.

Although the planned products differ substantially, the Chicago contract's creators believe they have a unique opportunity to establish a global link.

If insurance liabilities and assets are traded across time zones, you need a bedge that is too," says Mr Richard Sandor, president of international capital markets at Banque Indo-suez in New York and one of the contract's creators.

Many exchanges have tried to create a futures contract based on the global insurance market, but have run into diffi-culties over the lack of standardisation of insurance poli-The CBOT which revealed

details of its contracts yester-day, says it has solved this problem by creating a basket of policies. Buyers of a futures contract will receive a certificate which can be redeemed for net premium earned or lost after four months. "The insurance markets rep-

resent a huge financial sector that currently has very limited ways by which to manage its considerable risk," stressed Mr Karsten Mahlmann, chairman of the CBOT. The exchange believes its

contracts will stabilise the risk that insurers and reinsurers face which will result in lower insurance costs for individual policy holders. By providing a hedge, the contracts should enable rein-

surers to take on more risk in an industry that is severely strapped for capital. The CBOT plans to trade two contracts based on the \$40bn car collision sector of the insurance market and the \$138bn health insurance area. In London, plans have been

used on the much bigger

be based on an index of insur ance prices. The working group in Lon-don has not yet disclosed much detail about its contract plans and is still negotiating with the city's exchanges on trading the

Lloyd's, the London insurance market, has so far remained aloof from the discussion of futures products that could dramatically change that could dramatically change the way it does business. But the group of London brokers is approaching the exchange in a bid to gain its blessing.

The CBOT says it could have its contracts running within four months—they have just

four months - they have just been submitted to the industry

regulator for approval.

The exchange has earmarked a \$1m budget to market the new products which it believes could open up a lucrative new sector for derivatives.

Wide variations in cash prices which hold the key for a successful futures contract can be seen in the loss ratios of insurance claims, the contract creators say. These vary with disasters and news about serious illnesses such as AIDS.

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East Germany: Aiming lower in electronics .. 3 Good monsoons bring years of plenty for corporate India



As V.P.Singh's government inches one of the world's most regulated economies towards liberalisation, India's industrialists already have plenty to smile about

-London

FFr9.7325 (9.7475) SFr2.44 (2.44) GOLD New York: Comex Aug \$353.0 (356.2) \$349.75 (353.5) N SEA OIL (Argus)

FFr5.581 (5.6305) SFr1.4005 (1.4105) Y154.67 (155,365) DM1.6715 (1.678) FFr5.6075 (5.6325) SFr1.4050 (1.4095) Y155.15 (155.35)

New York: T

DM 1.6630 (1.6776)

Long Bond: 1025 (10131) yield: 8.499% (8.559)

Tokyo: Nikkei 31,571.77 (447.58) closing 14%% (14%) Sep 86 13 (8533)

STOCK INDICES

FT-SE 100

2,399.8 (+1.3)

FT-A All-Shore

DJ Ind. Av.

S&P Comp

1.180.10 (+0.1%)

New York lunch!

2,852.23 (+7.18)

FT Ordinary:

Fed Funds 82% (8%) Brent 15-day Aug \$16.075 (16.2) 3-mo Treasury Bills: yield: 8.046% (8.08). Chief price changes vesterday: Page 15

marine insurance market, where a futures product would MARKETS

\$1,7423 (1,731) \$1.7355 (1.7305) DM2.90 (2.9025) Y269.25 (268.75) £ index 91.5 (91.2)

\$ index 67.4 (67.5) Tokyo close:Y155.23 US lunchtime rates

353.09 (+0.78) LONDON MONEY

Bulgaria

asks to halt

BULGARIA'S Foreign Trade

Bank has requested a three-

month suspension on pay-

ments of its medium and

The Foreign Trade Bank, responsible for 90 per cent of

Bulgaria's more than \$10bn

debt, began a freeze of princi-pal repayments in March.

Beginning June 30, until at least September 29, it intends also to cease interest pay-

The request is essentially to give the Bank and its leading bank lenders, led by Deutsche

Bank, time to work out a more comprehensive arrangement to

reduce its debt service bill over

a longer period.
Lenders were formally informed of the request by telex yesterday. Though technically a request, bankers say there is nothing they can do to block the Bulgarians from puting the proportions and the proportions.

ting the moratorium into

The country's bank advisory

committee is expected to meet in London in mid-July, where

it will discuss details of a report from bank economists

said to present a bleak picture

said to present a bleak picture of Bulgaria's economic outlook. Bulgarian Prime Minister Mr Andrel Lukanov was quoted last week as saying that Bulgaria is seeking to postpone repayments of principal on the debt until 1993.

Greece says

EC support

is imminent

long-term debt to banks.

most debt

payments

By Stephen Fidler,

Euromarkets

ments.

Correspondent

VII

EUROPEAN NEWS

EC ponders how best to help prop up the Soviet economy

By David Buchan in Dublin

THE EUROPEAN Community has launched itself into what could be its most ambitious and sensitive foreign policy initiative ever, providing an external buttress to the Soviet economy and President Mikhail

Gorbachev's political reforms. But EC leaders were in some disarray yesterday over whether they would or should send a united Community position on Soviet aid to the forthcoming western economic summit in Houston, Another question was over how automatically new Commission studies would translate into a firm EC aid plan for Moscow by this

THE Soviet Union has no

programme ready to absorb a large injection of foreign credit as proposed by France and West Germany at the summit,

and top Soviet advisers remain divided on whether massive

foreign borrowing is wise. "It is premature to speak about that," Mr Gennady Gera-simov, the Foreign Ministry

spokesman, said yesterday.

"If in the future we do speak

about a major programme of loans coming from the west, then of course there should be

a specific programme for the

creative use of such credits, so that we won't simply use one

programme to fill in the holes in other programmes."

called "a substantive and robust" discussion of Soviet aid late on Monday night, EC leaders instructed the Commission, their executive body, to "prepare urgently proposals covering short-term credits and longer-term support for structural reform" of the Soviet economy.

The reasons for the urgency surrounding the issue became clearer yesterday with the revelation that Chancellor Helmut Kohl had written to his summit colleagues before Dublin to tell them that "President Gorbachev has requested a short-term credit from German banks, in which the Federal Government would act as

Moscow 'not ready' for big western loans

Mr Kohl said that the German credit should be "a starting point" for wider western action. Lest any of his EC partners be in

doubt of the German stake in this, Mr Kohl went on to say: "In this connection, I would advise the Soviet Union for its part to adopt a constructive approach to questions arising along the path to German unity", particularly to pan-Germany's position in Nato.

Hence the mention of short-term credit in vesterilar's communique.

credit in yesterday's communique, despite the deep reservations which Mrs Margaret Thatcher expressed in Dublin and President George Bush is likely to voice in Houston about

Soviet pit.
President François Mitterrand said he expected Mrs Thatcher to return to the attack in Houston, with US backing. He and Mr Jacques Delors, the Commission president, conceded that, without the US, the \$15bn western aid package mentioned by Mr Kohl was unthinkable.

While clearly not wanting Bonn to be left alone to "buy" East Germany's incorporation into Nato – a deal that the Chancellor was unwise enough to clarify in writing – Mr Delors stressed that it was "not by numbing more into the "not by pumping money into the Soviet Union that the task of modernising its economy will be

short-term credit might dull Soviet desire to persist with proper reform, but highlighted that the real problem was not short-term Soviet bankruptcy but "integrating the Soviet Union into the world economy". The new Dutch plan for an east-west European energy community could figure here, he

Regardless of the outcome at the Houston, meeting, which he will attend, Mr Delors said he would carry on with his Soviet aid studies. By drawing on various international organisations and by visiting Moscow for the first time next month, Mr Delors hopes to come up

He rejected the idea that with proposals by October.
hort-term credit might dull Soviet Italy, which takes over the EC
esire to persist with proper reform, presidency this weekend, plans a special summit that month. Mrs Thatcher implied there was nothing automatic about such EC proposals, which would have to win governments' approval. But Mr Mitterrand said the aid plans could go through on a majority vote, in other words, in the face of UK

opposition. To the extent that aid came from To the extent that and came from the EC budget, as distinct from EC or government-guaranteed loans raised on the capital markets, the planned 1991 EC budget could be increased later this year, Commission officials said.



An Irish farewell: Charles Haughey ends his spell as president of the European Council of Ministers surrounded by fellow leaders, from left, Giulio Andreotti of Italy, François Mitterrand of France, and Margaret Thatcher of Britain. Behind them are their foreign ministers



member of the presidential council, recognise that trans-formation of the Soviet econ-

omy to a market system will be

foreign borrowing, many also

believe that the economy is not

ready for such an injection yet.

impossible without large-scale

PHARMA VISION 2000 LTD COTO - CASH or TITLE OPTION - 1990

Following an application made by the Board of Directors, the Ordinary Annual General Meeting of shareholders of PHARMA VISION 2000 LTD, Glarus, held on June 25, 1990, agreed to the issue of 410 000 ∢COTO» I and 450 000 ∢COTO» N and inter alia, passed the following resolution:

Increase of the share capital from SFr. 250 000 000 to SFr. 259 000 000 by issue of

14 760 new bearer shares, par value SFr. 500 with Coupons No. 2 and ff.

16 200 new registered shares, par value SFr. 100

The shareholders subscription rights remain intact, with the exception of a small residue of 117 bearer shares and 128 registered shares. The new shares are pledged for the option included in «COTO» for the subscription of new bearer and registered

The bearer and registered shares subscribed for are entitled to all dividends payable after subscription.

Allocation

Each bearer share with a per value of SFr. 500 receives 1 «COTO» I on June 27, 1990. Each registered share with a par value of SFr. 100 receives 1 «COTO» N on June 27, 1990.

«COTO» I is represented by coupons No.1 from bearer

«COTO» N is represented by a «COTO» certificate from reg-

The «COTO» certificates are sent to the registered shareholders by the company. Shareholders who have deposited their shares with a bank

do not have to undertake anything; the custodian bank will credit the shareholders with the «COTO» to which they are

Shareholders who keep their shares personally or in a bank safe must produce «COTO» coupons No. 1 or the «COTO» certificate when making use of «COTO».

Option period Quotation «ex» Admission

June 27, 1990 to February 7, 1991

Bearer shares as of June 27, 1990 ex coupons No. 1. Application for admission of «COTO» I for trading at the «Vorbörse», prior to the official dealing hours, of the Stock Exchanges of Zurich, Basie and Geneva has been made.

Option

1. Subscription of new shares

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PHARMA VISION 2000 LTD with a par value of SFr. 500. 28 «COTO» N entitle to subscribe for one registered share of PHARMA VISION 2000 LTD with a par value of SFr. 100.

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per bearer share with a nominal value of SFr. 500,

per registered share with a nominal value of SFr. 100. The Swiss issuing duty is borne by the company. The shares subscribed for are entitled to all dividends payable after subscription.

Dividend rights

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3. Cash payment

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SFr. 10.- per «COTO» N, represented by «COTO» certificate of registered shares, less 35% withholding tax, thus

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Glarner Kantonaibank Swiss Volksbank

PHARMA VISION 2000 LTD

Zurich, June 27, 1990

COTO 1990

Although leading Soviet economists, including Professor Nikolai Petrakov, President Mikhail Gorbachev's personal economic adviser, and Academician Stanislav Shatalin, a stores and provide stores and provide stores. At the same time, they believe that foreign credits will be essential in the medium term to put goods into Soviet stores and provide some incentive for Soviet workers to work harder for higher wages. Mr Gerasimov yesterday

pointed to the trade payments delays of recent months, which have severely dented the Soviet Union's credit rating in the international banking com-

The fundamental institutional reforms of the centrallyplanned system have only just
begun to be contemplated,
and market-oriented economists fear that large-scale
foreign credit could delay

ready for such an injection yer,
in the international banking community. "Our perfect reputation in foreign markets has
been undermined," he said.

With the total of the payments' backlog officially admitted at \$2bn, "in the first place
we will have to use loans to

meet these debts." In the longer term, he said, foreign loans could make certain contribu-tion "to stabilising the country's financial situation.

Mr Gerasimov underlined the continuing doubts in the administration at the advisabil-

ity of large-scale borrowing. Nevertheless, the Soviet spokesman praised the West spokesman praised the West German Government for guaranteeing a loan of DM5bn (£1.73bn), without strings attached, which could be used to ease the current payments' crisis. "It is essentially a financial deal without any political conditions attached which, in our view, testifies to trust in the Soviet Union."

Olive branch held out on S Africa sanctions

Final push towards the single market goal

By Philip Stephens, Political Editor

THE European Community yesterday took a significant step towards a progressive easing of sanctions against South Africa.

At the end of their Dublin

summit, however, the leaders of the 12 rejected a British call for an immediate Community-wide lifting of the voluntary embargo on investment and of the ban on imports of iron and steel and kruggerrands. The leaders' final declaration

held out a clear olive branch to President F W de Klerk in the form of a commitment that they would "consider a gradual relaxation of the pressure when there is clear evidence

By David Buchan in Dublin

they reach the plateau in December with treaty negotia-tions to rearrange the Commu-nity's political and monetary

With so many geo-political distractions in the air, the Dub-

lin summit communique

reflected the priorities of those member states, like Britain and the Netherlands, which

remain determined to get more

free trade inside the single

While Mr Jacques Delors, the

Commission president, patted the Irish presidency on the

back for pushing through some 20 internal market measures,

the summit called for rapid

progress on:
• Removing obstacles to

that the process of change already initiated continues." The implication was that further moves by the South African Government in releasing political prisoners and dismantling the remaining legal framework supporting apartheid would be followed by

a speedy relaxation of sanctions. Mr Charles Haughey, the Irish Prime Minister and one of the strongest opponents within the Community of a precipitate move towards an early easing of sanctions, said that the leaders had not drawn up a "list" of measures which would lead to a relaxation. His stance was backed by Denmark, but

Netherlands

Creating a harmonised system of indirect tax rates and

collection, a problem for almost all EC states

Harmonisation of food, animal and plant health safety standards, a job made no easier

by the recent fuss over "mad cow" disease in Britain.

Daunting though these self-appointed tasks are, the

decks may be surprisingly clear of other business this

autumn. The summit commu-

nique clearly conveyed the feeling of all EC leaders that

preparations for monetary and political union have now

reached the stage where the issues can only be settled by

the two treaty-revising confer-

both Portugal and Italy supported Britain's position. He acknowledged, however, that the aim was to give "specific encouragement" to President de Klerk. Mrs Margaret Thatcher, the British Prime Minister, voiced disappointment that she had

been unable to secure agreement for an immediate lifting of some of the measures. She expressed satisfaction, however, that the principle of a gradual relaxation had been accepted. She pointed out that Italy had already lifted its investment ban and that trade between South Africa and European nations was

you look at the discussions that have taken place in vari-ous EC councils, you see that full preparation has taken

place". A year ago she battled to write the phrase "full and

adequate preparation" into the Madrid summit communique

as the condition for monetary

union talks starting; yesterday she conceded the condition ful-

filled.
All that EC leaders have now

ssked their finance and foreign ministers to do in the next six

months is to ensure that nego-

tiations on both monetary and political union can begin "on a

concrete basis as soon as the conferences open". That hardly looks like an invitation to lei-

surely in-depth study of the British counter-proposals for

monetary convergence around a parallel Ecu currency.

restrictions on South Africa will continue to be eased," she said. The formal lifting of EC sanctions should follow during the six months of the Italian

"I am sure that in practice

the six months of the Italian presidency, with reforms such as the repeal of the Group Areas Act providing the most likely trigger.

Mrs Thatcher also highlighted a section in the declaration calling on all parties in South Africa to "refrain from violence or advocacy of violence". That, abe said, amounted to a clear she said, amounted to a clear message to the African National Congress to drop its declared support for armed

By Kleran Cooke in Dublin Greek Prime Minister, came

away from the EC summit satisfied that Community col-leagues had given unanimous backing to a programme to help Greece out of serious sco-nomic difficulties.

or camculdes.

Greek officials say the meeting agreed the EC would guarantee up to \$25n of market borrowings by Greece in the near future. Greece will use the funds as matching finance for more than Ecurum (\$8.65n) it is to receive from Brussels for regional infrastructure pro-

Tm very pleased that the Community has shown solidarity to a member state facing rions economic problems. said Mr Mitsotakis. Greece, heading for a record budget deficit and with inflation rundenote and with impation fun-ning at more than 20 per cent, desperately needs a substantial injection of funding.

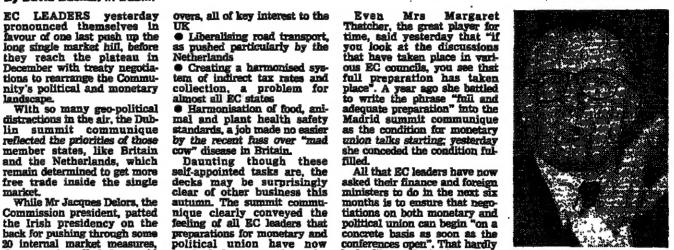
But the EC is believed to have laid down strict condi-

tions for the spending of Brus-sels money. Earlier this year Mr Jacques Delors, Commission president, criticised the previous all-party Greek Gov-ernment for failing to keep the terms of a 1985 emergency Community loan.

. .

; ; ;

Mr Delors warned that the future of Greece in a unified Europe would be at risk if Athens did not put its house in order. But it made it clear the Commission would keep a close watch on Greece's eco-nomic reform programme.



Mr Jacques Delors, the Commission president, praised the Irish presidency for pushing through some 20 internal market measures

Yeltsin plans multi-party forum

cross-border stockbroking, ences, now to start in Rome on insurance and corporate take-

France may raise statutory

minimum wage by 2.5%

By Leyla Boulton in Moscow

MR BORIS Yeltsin, the president of the Russian federation, said yesterday that he planned to form a multi-party government that would include Mr Gavriil Popov and Mr Anatoly Sobchak, the radical mayors of Moscow and Leningrad.

"There will be representa-"There will be representa-

tives of other parties, not just one but several," he said. He also said that he would propose to the Kremlin that his intended economic and monetary reforms for Russia be extended to other republics to avoid disruption in the country

THE FRENCH Government will decide today on plans to

boost the statutory minimum

wage by 2.5 per cent, an impor-tant part of President François

Mitterrand's new campaign to

reduce inequalities.

Mr Jean-Pierre Soisson, the

Labour Minister, yesterday proposed the six-monthly

increase (at the upper end of

most observers' expectations) agreed at the end of an annual

negotiation with employers

A boost for the statutory minimum, earned by 1.6m workers, will affect wage

The figure is due to be rati-

and unions.

claims up the scale.

"If our reforms are accepted, then Russia will pull other republics in its wake under a single currency...If they are not accepted, then Russia will have to create its own monetary system, which will enormously

 The Soviet Union denied yesterday that it was removing nuclear weapons from the Bal-tic republics and other sensitive regions, Reuter reports from Moscow.
"There is no need to move Soviet army units with nuclear

more than a fraction of a per-

centage point.
This means the minimum

wage, known as the salaire minimum interprofessionel de croissance (Smic), should rise from FFr5,156 (£530.45) per

month to FFr5,285 (2543.72)

from July 1, though this is well below the figure sought by the

Communist-led CGT union,

which yesterday staged a dem-onstration outside the Labour

Added to the 2 per cent rise

already awarded in April, this would bring this year's rise in the Smic to 4.5 per cent, well

above the current 3 per cent

Ministry.

weapons on Soviet territory," Gennady Gerasimov, the For-eign Ministry spokesman, quoted a Defence Ministry statement as saying.

"Therefore there are no changes being made in the stationing of these units." The agency quoted Nato sources last week as saying

that nuclear weapons were being moved from the three Soviet Baltic republics, which have all declared their intention to secede, and from trou-bled Transcaucasia and eastern

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SVENSKA SELECTION FUND société d'investissement à capital variable registered office : 146, boulevard de la pétrusse

R.C. Lexembourg B - 22.175 NOTICE TO SHAREHOLDERS

The Board of Directors has decided to vary the investment objective of the farmer SVENSEA SELECTION FUND - ASIA class of Shares, so as to

former SVENSKA SELECTION FUND - ASIA cases of Shares, so as to limit its investments to Hong Kong, Singapore, Maksysia and all other countries of the Pacific Besin, succept, Japan, and to manuse such sub-fined as from the Effective Date referred to below, as follows: SVENSKA SELECTION FUND - PACIFIC.

The Board has also decided to create a new class of shares to be known as SVENSKA SPLECTION FUND - JAPAN, the investment objective of which shall be capital appreciation through continuous transgement of a diversified partions of transferable securities, consisting primarily of cummon stocks of issues in Japan; the new sub-fund may however, depending on their compansities effectiveness, also invest in finely-income securities denominated in U.S. dollars or Yen or any other currency of a Member State of the OECO and may hold another final assets.

It is contemplated that the foreser SVENSKA SELECTION FUND. ASIA will transfer those of its assets presently invested in Japen to the new class of SVENSKA SELECTION FUND.—IAPAN, on the basis of their set asset of SVENSKA SELECTION FUND - LAPAN, on the basis of their set asset value as of 30th line, 1990 (the "Effective Date") andited by a Lexembourg independent sudiest, against the allocation (on the basis of 1 sew abure of SVENSKA SELECTION FUND - LAPAN to the heidest of each share in the present SVENSKA SELECTION FUND. ASIA, to be renamed SVENSKA SELECTION FUND. PACIFIC.

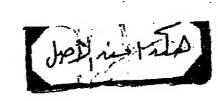
A revised addendum will be available and can be obtained from the Effective Date at the registered office of the Company from its Transfer Agent SVENSKA HANDELSBANKEN S.A., 146, honlawerd de la Pérman, L-2330 Lucambourg.

The heldest of these-confilences relating to the SVENSEA SELECTION FUND - ASIA class of shares are invited to present their certificates from August 1, 1990 to the Thursfer Agest, so that the change of denomination into SVENSEA SELECTION FUND - PACIFIC may be affixed thereon.

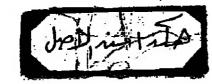
As from 1st September, 1990 the former stare-certificates of the relevant class shall no more be of good delivery at the Luxembourg Stock Exchange.

Application has been made to list the chartes of the new class as from the Effective Date on the Luxembourg Stock Exchange.

The holders of beautr share-certificates of the former class shall be entitled as from the Effective Deat to obtain for each old share of the micross. "Acia" class one sham of the new "lapan" class upon affixing the new denomination of the "Pacific" class to the passers share-certificates relating to SVENSKA SELECTION FUND - ASSA.



The figure is due to be ratified at a cabinet meeting today, which is unlikely to change annual inflation rate and ahead of last year's 4 per cent increase in the Smic.



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By Kieran Cooke in Dublin

MASTER CHANDLER Bobby Lepple has had his hands full reparing for this week's Dublin summit. He works at Rathbernes candle factory down near the docks in the Irish capital and was given a special refer for this week's European order for this week's European Community banquet hosted by Mr Charles Haughey, the Irish

Prime Minister.

A good candle should be like an onion," says Mr Leppla.
"Cut it and there should be layer upon layer of wax gathered round the wick."
Rathbornes, founded in 1455,

boasts of being the oldest can-dle manufacturer in continuone existence in Europe. It also lays claim to being by far the oldest company in Ireland.

Once thousands of people would have been involved in would have been involved in the candle-making business, grouped in such guilds as the Tallow Chandlers, Soap Boilers and Wax Light Makers. But Mr Leppla is a craftsman fighting a losing battle against machines and a declining market for his specialised goods. Newly-installed West Germanbuilt machines spit out hundreds of candles an hour.

Mr Leppla, who has worked

Mr Leppla, who has worked for the company for more than 40 years, fashions the larger



Ireland

candles, mostly for use at church services. The process is lengthy and requires considerable skill. Cotton wicks are hung on a circular frame or "dipper", then lowered into a molten mixture of paraffin wax and 25 per cent beeswax. The whole structure might be

dipped more than 100 times.

If the wicks are dipped for too long or too frequently the wax thickens and does not set.

Too short and the layers will be too thin and fracture. Can-dles of more than four feet in length cannot fit on the "dipper". They have to be worked entirely by hand, with wax poured over the wick until sufficient lavers are built up.

Candle-making — along with prostitution — is one of the world's oldest professions. The arrival of the electric light plunged many a chandler into eternal darkness. Now an increasingly godless age, together with cheap imports from the Asia Pacific region, threaten Europe's surviving

chandlers. "About helf our business is from churches and religious institutions," says Mr Peadar Lennon, general manager at Rathbornes. Yet even in heland, Europe's most Roman Catholic country, church attendances are falling. Benediction. the evening service held amid a blaze of candles, is rapidly becoming a thing of the past. "Old traditions of dropping

into church to light a candle for the dead have fallen away," says Mr Lennon. "Because of thievery many churches are now locked up except at ser-vice times. Some churches have replaced candles with

Rathbornes has had to diversify. It now also sells other

Other factors threaten the candle business in Ireland. Not so long ago blackouts were common in Ireland and every house would carry a stock of candles. Nowadays there is more efficiency - and fewer

Increasing exports is one way to survive. Mr Lennon is launching an export drive in the US. After all, we have been making candles since

before Columbus set sail."
There have been encouraging signs that the European candle trade might revive, spurred on in part by the use of candles as a symbol of freedom during the revolutions in eastern Europe. Some people are also turning back to the old ways of lighting a candle at dinner or putting a candle on the window sill in the evening. Rathbornes is one of about

50 members of the European Candle Makers Society. The Bociety, in which the West Germans are the main participants, is now making a concerted effort to increase "candle awareness."

But in Ireland, it remains a tough time for chandlers. In the old days people would buy snough candles to present to the church on Candlemas Day to last the priest a year. But that tradition is dying. "It's the little things that matter in our business," says Mr Lennon. "The modern houses don't even have window sills. So there's no place for the candle

EUROPEAN NEWS

Irish help BAe faces demand East Germany aims lower in electronics to repay £44m in David Goodhart and Guy de Jonquières on the outlook for a backward sector

Rover subsidies By Lucy Kellaway in Brussels

THE European Commission is British Aerospace repay £44.4m in illegal government subsidies

Government has already owned up — may spark a furification of the dispute between the two there is the two the control of received when it bought the Rover car company in 1988. Such a decision would be a

victory for Sir Leon Brittan, the Competition Commissioner, who has faced hostility. from his colleagues over what was initially seen as a soft demand. Some had felt that BAe was being given gentler treatment than that given recently to Renault and Alpha Romeo over illegal state aid.

The £44.4m comprises subsidies over and above the £547m permitted by the Commission at the time of the sell-off Most

at the time of the sell-off. Most of it relates to implied interest from deferring the £150m initial purchase price beyond the Angust deadline agreed between the Commission and the British Government. As the inquiry has dragged on, the value of the total subsidy has increased from the original £33m total of sweeteners exposed in the National Audit Office report

last year. However, any demand for repayment greater than the sides, with the UK in theory prepared to test any decision in the European Court.

Sir Leon now appears to have the backing of the Com-mission for his controversial decision not to pursue the question of the valuation of Rover, which was alleged by the Audit Office to have been

Since the end of last year, the Commission has been picking through the figures to see if an objective criterion for a higher reduction good higher reducting higher reduction good higher reduction good higher reduction g higher valuation could be established. However, because it was involved in the original pricing decision, it has failed to come up with new objective information, and has decided that any further demand might not stand up in court.
The Commission is also

likely to give its blessing to the recent purchase by Honda of a 10 per cent stake in Rover, which some Commissioners argued was in breach of an agreement under which BAe said it would not dispose of any of Rover's core businesses.

SENIOR executive with a West German electronics company A German electronics company says it would be economically for raze the sensible, albeit inhumane, to raze the East German electronics industry and start again from scratch. It is easy to find supporters of this view in West Germany, and even in East Germany. But it is probably too drastic, at least if the definition of elec-

tronic is extended to cover electro-me-chanical technologies as well. The more sober conventional wisdom is that at the sophisticated end of elec-tronics, semiconductors etc, East Ger-many has little chance to compete because - partly thanks to CoCom restrictions - it is technologically backward and in such a capital intensive sector cannot exploit its lower labour costs.

In consumer electronics and office equipment the outlook is also bleak thanks to aged technology and design, though there may be a few niches, such as electronic typewriters, where East German companies can compete.

The best hope lies in relatively simple electronic components and electrical products, such as machine tools and products, such as machine tools and electric motors, where East Germany should be able to benefit from a workforce well-trained in precision mechanics and from lower labour costs.

According to Mr Alexander Gerybadze, a West German consultant, about half of East German electronic

companies, which currently employ about 400,000 people, can survive. But even those that do will have to abandon about a third of their products. "They will not be competitive in those sectors where there is a dynamic



THE CHALLENGE OF UNITY

product cycle, such as micro-electronics and consumer electronics," he says. Ms Doris Michel, with the Roland Berger consultancy, also points out that in sec-tors like chips and computers large pro-duction runs are needed to be competi-tive, but in many of these products there is already too much worldwide

All of this ought to be depressing news to Mr Rolf Hillig, deputy head of VEB Mikroelektronik, the Erfurt-based electronics group which employs about 60,000 people in the most vulnerable sectors of all. But Mr Hillig is almost absurdly optimistic. He likes to recall that before division it was East Germany that housed most of Germany's many that housed most of Germany's electrical industry, and speculates on a new silicon valley in Thuringia. He accepts that survival depends on

being taken over by western companies and says he has already had serious

Mikroelektronik was at the heart of East Germany's semiconductor industry, which consumed about 30bn East German Marks on R&D in the past

decade, of which 15bn Marks went on developing a 1 megabit chip. Carl Zeiss Jena, which developed the chip, owns a micro-electronics subsidlary employing 3,000 scientists which it is desperate to sell as it retreats to its historic core in optics and measuring instruments. Mikroelektronik was supposed to mass-produce the chip, but never managed it.

"Developing the chip was a purely political decision, and it turned out to be our ruin," admits Mr Hillig. But he claims that his plants are internationally competitive in the more basic areas of micro-electronics and produce about \$600m worth of semiconductors per year. "We can survive in transistors, integrated circuits and applications-specific chips, and we have the east bloc

markets (where about 60 per cent of production goes)," he says. Even Mr Hillig reckons there is no future in power electronics, watch production or colour television picture tubes, and that half his workforce will have to go. His immediate problems include a DM2bn (£590m) debt burden and the decision by Robotron, his main customer and East Germany's biggest office equipment maker, to cancel most

Robotron, which employs about 65,000 people, is another electronics giant with a troubled future. Its personal computers are at least 5-10 years

talks with several, including Sharp and Toshiba of Japan and Intel, MIPS and LSI Logic of the US.

behind western ones, while its largest mainframe machines are no more powerful than an IBM 36 minicomputer. Several western partners have shown an interest in both areas, and Robotron is desperate to link up with Siemens.

More specialist electronic groups such as Nachrichten Elektronik in telecommunications and Automatisierung Technik in investment goods may have better survival chances as potential beneficiaries of government orders for

infrastructural projects.

And the thankfully small consumer electronics sector has at least managed to attract one foreign saviour: the Finnish company Nokia, which is supplying television kits to be assembled by Kombinat Rundfunk und Fernsehen Stass-furt from the end of this month.

Stassfurt plans to make 60,000 sets by the end of this year and aims for monthly production of 20,000 thereafter. Nokia will use Stassfurt's sales network noth will use Stassium s sais network to sell its own sets in East Germany and the rest of east Europe. It is also rumoured that Sharp wants to take over the Stern Radio factory in East

Berlin.

Even with foreign help and independent success in a few niches, possibly including software, the electronics industry will shrink dramatically. But as a market for western goods it should take off. "There is more unsatisfied demand in electronics than in any other industry," says Ms Michel

industry," says Ms Michel.

That may not be such a bad thing for East German employment. Ms Michel thinks the best hope of absorbing redundant electronics workers will be in setting up sales and customer service operations to support western products.



yesterday that his Govern-ment, dominated by the Hun-garian Democratic Forum in coalition with the Christian Democratic and Smallholders parties, would set a rapid pace for privatisation and restruct-

for privatisation and restrict-uring.

He said that "two-thirds of the economy will be privatised in the heat four years."—the Government's term of office.

He guaranteed the present right of foreign companies to take up to 100 per cent owner-ship in Hungarian enterprises, to repatriate profits in hard currency and to set wages and

prices freely.

Dr Bod said that the presen law on tax holidays, which grants exemption for joint participation is either 20 per cent or 5m Forints (about 250,000) permits a tax-free period of up to 10 years in companies with a relatively

small foreign participation.

There is now a new entrepreneurial class in Hungary,
and they are putting pressure
on us not to discriminate against them. We must listen to their voices," he said.

He said he would implement He said he would implement the privatisation of small enterprises employing 15 workers or less — mainly shops, restaurants and petrol stations — within the next few

Financial discipline would be restored in consultation with the International Mone-tary Fund, and bankruptcles of unprofitable enterprises would begin soon.
The State Property Agency,

which handles privatisation, would be put under the direct control of the Government and its work speeded up.

A new body would handle
the investment needs and requests of large companies interested in investing in Hun-

gary.
The enterprise councils in state companies, composed of management and worker rep-resentatives, had in the past "acted as a quasi-owner" and often blocked privatisation, he said. These would be downgraded to advisory bodies, with the Government firmly in charge of sales of state assets. Dr Bod said that foreign investment was dominated by the German speaking nations -West and East Germany, Aus-tria and Switzerland.

He told an audience of UK business executives and bankers: "You must be there. We have had more than a change of Government, we have had a change of direction".

Three-nation talks on Euphrates water

Government ministers from Turkey, Syria and Iraq started two days of talks in Ankara yesterday to try to settle their long dispute over division of the waters of the river Euphrates, writes Jim Bodg-ener in Ankara

ener in Ankara Turkey exacerbated the issue earlier this year when it halted the river's flow for a month in order to fill the lake created by the giant Ataturk



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WORLD TRADE NEWS

OECD 'should be the new forum for trade talks'

If the Uruguay Round fails, a new approach to negotiation is being urged, Peter Montagnon writes

HE Gatt "is dead! Long live the OECD!" If the Uruguay Round of mul-tilateral trade talks fails to result in full agreement at its climax in Brussels this Decem-ber, this could be the rallying call for a new approach to international trade policy.

Though uttered sotto voce now, with the Uruguay Round still under way, it reflects a growing sense among trade analysts that some of the most pressing new policy problems are no longer easy to deal with in Gatt's multilateral forum. Since they are often peculiar to industrial powers, the Organi-sation for Economic Co-operation and Development may be a more suitable place to handle

them.
This feeling has grown partly because of the agenda for the current Structural Impediments Initiative (SII) Japan. These talks, which resumed with a vengeance in Tokyo this week, have concentrated on the international implications of what have, until now, been considered purely domestic issues, such as anti-trust policy, as well as Japan's distribution system and land taxation rules. SII has shown such problems do form a real source of international economic conflict.

Thinking in this area has been fuelled this year by a cou-

ple of books, well-thumbed by the trade community. One, by Mr Gary Hufbauer of George-town University, urges an OECD free trade and investment area by the year 2000. Another, by Ms Sylvia Ostry, a former OECD chief economist, urges the OECD to be roped in to work for policy convergence in areas related to trade and

industrial policy. At the heart of the debate is the realisation that issues such as competition policy have grown in their potential to spark economic conflict, given today's rapid technological advance and vast increase in

acvance and vast increase in capital mobility.

To secure their position in the world economy, countries have to be capable of leading the development of new prod-ucts such as high-definition TV, but this is an expensive prospect for any company on its own. The investment, and

THE EUROPEAN Community has formally tabled its ideas for converting Gatt into a permanent institution, the Multilateral Trade Organisation (MTO). alongside the International Monetary Fund and the World Bank, William Dull-

World trade ministers would take the political decision to set up the MTO at the end of the Uruguay Round trade talks in Brussels in December, under the plan the EC has sent to the group negotiating improvements to the way Gatt works. Gatt has been governing world trade for

therefore world market success, may accrue most easily to countries whose domestic policies and regulations, for example, in the areas of anti-trust or subsidies, are most accommo-

The temptation to indulge in such regulatory competition is greatest among the world's three main trading powers the US, Japan and the EC, sometimes known as the triad". Between them, these account for some two-thirds of world economic output, and are responsible for the bulk of international investment flows.

logical innovation. Because the problem is so heavily concentrated among these powers. Gatt, with its worldwide membership of nearly 100 countries, has seemed to some the wrong forum for harmonisation nego-tiations. Hence, the new inter-

over 40 years, but legally has only the status of a provisional arrangement, since in 1948, the US Congress refused to accept

an International Trade Organisation. The 12 EC countries say Gatt needs a legal basis to ensure the Round's results are implemented effectively. Another motive, unstated but implicit in their paper, is the desire to endow Gatt with the international standing and improved dispute settlement system that would make it difficult for the US to con-tinue threatening punitive, unilateral action against other countries under

Publicly, the OBCD is non-committal about its potential role in international talks on est in the OECD, which groups only industrial countries. Since the Uruguay Round is supposed to enhance and revitalise Gatt, this is still a controverthe new trade issues of the type raised by the US/Japan Strategic Impediments Initiasial proposition. But trade tive. Yet the need to examine them was acknowledged last week by Mr Robert Cornell, the OECD Deputy Secexperts say it raises questions about how the system may be organised after the Round is over, or what will happen if it retary-General. "Proper multi-lateral discussion of these new international issues should be

One prospect is that the cut-ting edge of trade policy talks will move away from Gatt towards the OECD, or even to the narrower "triad" grouping. This may happen regardless of the Round's outcome, but more likely if the Round fails and Gatt is diminished. Pailure of the Round would lead to the system eroding into trading blocs, and to a two-track approach to trade policy talks. The fast track would switch away from Gatt, and the developing countries become mar-ginalised in the debate.

Pacific Chambers of Commerce and Industry.

Against the idea of involving the OECD are a number of fac-tors. First, it is widely seen as primarily a think-tank with no tradition of actual negotiation. Second, it has no legal powers of enforcement or dispute set-Section 301 of its Trade Act.

high on the agenda and it's going to need some suitable forum," he told a conference organised by the Royal Insti-

tute for International Affairs

and the Confederation of Asia-Pacific Chambers of Commerce

Section 301 of its Trade Act.

The EC envisages a purely organisational treaty setting up an MTO to act as an umbrella for administering Gatt, the Gatt codes and a services pact. An MTO would apply common dispute settlement rules to all trade accords and codes. Common dispute settlement would not prejudge the question of whether cross-retaliation should be allowed, the EC says. Cross-retaliation refers to the right of a country whose trade has been injured in one sector to take compensating action against the offending country in another.

unpopular with those powers, particularly the EC, which still have as a priority, integration of developing countries into

the trading system. in favour of an OECD approach is the argument that it would be preferable to bilateral talks of the SII type, or even talks limited to "triad" members. This would, in any case, be difficult because of the weak political link between the EC and Japan. It would also allow neutral airing of the new issues without too much North-South rhetoric.

Some trade experts argue the OECD is not actually as far from being a negotiating body as it seems. It has already adopted codes in areas such as capital flows and policy towards multinational enterprises. To move to more formal rules in the new areas backed by enforcement measures would constitute a big change, but not one for which its experience to date has left it

entirely unprepared.
The Free Trade Debate, by Gary Hufbauer, published for The Twentieth Century Fund by Priority Press Publications, 41 East 70th Street, New York NY 10021, pp 232, \$8,95. Governments and Corporations in a Shrinking World, by Sylvia Ostry, Council on Foreign Rela-tions, 58 East 68th Street, New York, NY 10021, pp 122, \$14.95.

SGS-Thomson asks Brussels to act on **Eproms price fall**

SGS-Thomson (ST). the Franco-Italian semiconductor group, has asked the European Commission to act against a sharp fall in prices of one of its most important memory chips.
ST. Europe's second biggest chip maker, has asked Brussels to investigate why prices for Erasable Progammable Read Only Memories (Eproms), permanent memory storage devices, have roughly halved in eight months. The approach is informal but is likely to be taken seriously, since ST is one of the EC's main hopes for independence in semiconductors and a prime sharer in joint

European chip research. ST's request will worry European computer makers, the main chip buyers, which complained when the Commission last year set minimum prices on EC imports of Dynamic Random Access Memories (Drams), temporary storage devices, made by 11 Japanese electronics companies Computer makers will not welcome a price rise in such an

important component. The Commission has been studying for three years a sepa-rate call to act against Japa-nese Eprom makers by the

European Electronics Components Association, representing main EC chip makers. Some Japanese makers are understood to have offered price pledges on Eproms to forestall further action. They are keen to see Brussels open an anti-dumping action in answer to European complaints against cheap South Korean Drams.

The Eprom price fall comes when demand for this type of chip is strong, said ST. which draws 15 per cent of its turnover from Eprom sales. ST was unable to say which makers might be masterminding the Eprom price cuts. Officials said that, given Japanese chip makers' wish to avoid falling foul of EC anti-dumping rules, the price competition could as easily come from South Korea or the US, the only other signifi-

cant producing countries.

Prices for a one megabit Eprom have fallen from \$10 since October to about \$5. making them cheaper than the same size Drams, which is unusual, since Drams are easier to make and have a bigger market. This shows the "situation is caused by mak-ers," ST said.

Brazil tariff cuts expose markets to competition

By Christine Lamb in Brasilla

BRAZIL yesterday announced

a sweeping but gradual reduc-tion in import tariffs as part of a move to cut regulations and open trade barriers.

Starting on Sunday, tariffs in various sectors will be cut, with the aim of dropping the average from 35 to 20 per cent by 1994. The maximum is to be cut from 105 to 40 per cent. cut from 105 to 40 per cent.

Brazil is one of the world's most protected economies, imports last year representing only 5 per cent of gross national product. Until 1988, the average tariff was 51 per

with a stagnating nome market, Brazil wants to boost exports, likely to fall to about \$10bm (£5.8bm) this year against \$16bm last year, and open its markets to competition, as part of a drive against inflation.

The government sees a free

ing the economy. In March, it abolished the 1,000-item list of banned imports, replacing them with tariffs which, under the new trade policy, are intended to decline gradually.

The first items to be affected by yesterday's announcement are raw materials, machinery and parts not made in Brazil. Import taxes on these will be cut from 20 per cent to zero. A tariff reform committee will announce the precise timing of further tariff decreases at the end of the year and decide on antidaming reference.

anti-dumping measures.

Ms Zelia Cardoso, Economy
Minister, described as an essential part of the strategy "the deliberate exposure of Brazilian industry to competi-tion, improving quality and price in the home market and increasing competition for semi-monopolistic industries." A far from level field, Page 20

Motorola and Hitachi settle patent dispute

MOTOROLA and Hitachi have reached tentative settlement of an 18-month patent dispute which threatened to disrupt supplies of vital semiconduc-tor chips to US computer mak-ers, Louise Rehoe reports from San Francisco

San Francisco.

The out-of-court settlement appears to end the threat of a court order banning Motorola from selling its flagship 68030 microprocessor. The chip is used in several popular computers, including computer workstations from Hewlett-Packard and several of Apple Computer's Macintosh persunal computer models.

personal computer models.

The companies said they had reached "agreement in principle that will serve as a framework for reaching an end to their intellectual property and technology disputes". Terms were not disclosed.

were not disclosed.

The row centres on patents for technology used in the 68030 chip. A week ago, a Texas judge ordered Motorola to halt output and sales of the chip. Motorola won a temporary reprieve, but threat of disruption has sluce loomed over the industry.

Britain backs EC's tarm reform stance

THE UK yesterday strongly backed the EC's farm reform stance in the Uruguay Round trade talks, Tim Dickson John Gummer, UK Agriculture Minister, told an EC Council meeting that Brussels should stick to its "global" approach on cutting farm subsidies, and insisted member states throw their full support behind Mr Raymond MacSharry, EC Agri-

culture Commissioner. The EC was ready to reach a reasonable compromise, he added. Mr MacSharry, singled out by the Americans as the "villain" of the piece, will be pleased at yesterday's developments, while member states, hitherty uncertainty. hitherto uncertain of Britain's convictions, noted Mr Gumconvictions, noted Mr Gum-mer's remarks with surprise or satisfaction. All know the Uru-guay Round is at a critical point and events culminating in next month's meeting of Gatt's Trade Neontiation Com-Gatt's Trade Negotiation Committee in Geneva could bear significantly on the outcome.

The US still insists all farm subsidies be scrapped by the year 2000 year 2000. Farm council reports, Page 34

US, Japan fail to resolve bilateral trade problems

By Robert Thomson in Tokyo

JAPAN sought improved efforts from Washington to cut the US budget deficit, and the US demanded further promises from Japan on reducing its trade surplus, as bilateral talks on economic reforms remaintenance unresolved late last night.

The final round of the Structural Impediments Initiative (SII) talks on trade was sched-uled to finish yesterday, but a US Administration official said the meeting would continue into today and, perhaps, be reconvened next week in an attempt to produce a final

The SII talks were begun last year to reduce Japan's \$49bn (£28.48bn) bilateral trade sur-plus, and Japanese officials yesterday had their turn to urge the US to make its economy more competitive by reducing the budget deficit and encouraging private saving. encouraging private saving.

Japanese negotiators condemned the US for failing to
produce a specific target date
for balancing the budget, while
US officials said a target could
not be presented until after
current budget talks with Con-

gress were completed.

The US was criticised for being slow to adopt the metric system and for producing a draft SII final report which did not include a reference to a pledge that the ban on exporting Alaskan crude oil would be lifted. But the most serious disputes in drafting the final report centre on US demands for Japan to increase public spending over 10 years. Japan has proposed spending Y415,000m, but the US insists the figure should be nearer Y500,000hn.

The SII talks are intended to The SII talks are intended to

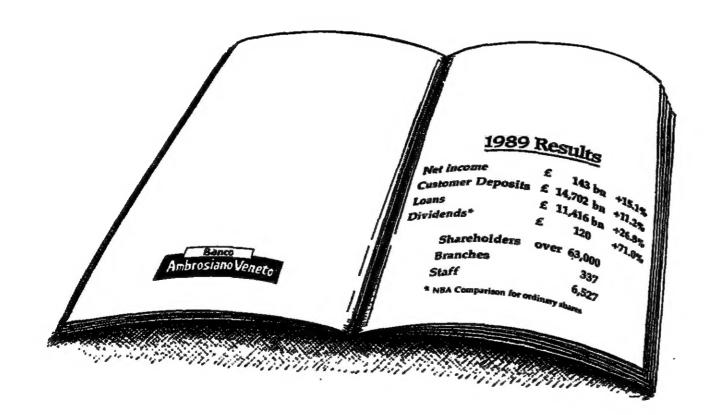
be a "two-way street", with both countries offering new policies to remove "structural impediments" to trade. But it was clear yesterday the US has drafted virtually no new poli-cies specifically for the talks. Japan is being pressed to-produce specific figures and target dates for policy changes indicated in an interim SII

report prepared in April, and the success of the talks will depend on whether Tokyo can provide further details in com-ing days.

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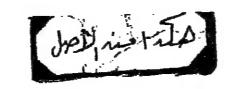
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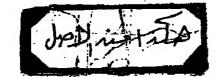


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AMERICAN NEWS

Mandela urges Congress to uphold sanctions

MR Nelson Mandela yesterday MR Neison Manuela Yesternay appealed to the US Congress to maintain sanctions against South Africa until "irrevers-ible" progress has been made towards ending apartheid.

In a rousing address to a joint session of the House and sanate, the 71-year-old deputy president of the African National Congress used the appeal to head off pressure to relax sanctions as a reward for President P.W. de Klerk's

reform moves.
Under Mr Mandela's formula, which has already been rejected by President George Bush, the ANC should be consulted on the appropriate moment for the US and the rest of the international community to lift sanctions.

in what appeared to be a sig-nificant shift away from past advocacy of nationalisation, Mr Mandela said the ANC held "no ideological position that dictates that it must adopt a policy of nationalisation," although he made clear there would be a state role in a

non-racial democratic South Africa won warm applause, but his refusal to renounce violence was greeted coolly. After Lafayette, Winston Churchill and Lech Walesa, he is only the fourth private citi-

zen to be invited to speak to a joint session of Congr During his speech Mr Mandela sought to compare his struggle against apartheid with the fight for justice and liberty fought by George Washington, Abraham Lincoln, Thomas Jefferson, and Dr Martin Luther King. No one sought to remind Mr Mandela that Jefferson was

in fact a slave owner.

in fact a slave owner.

Declaring apartheid to be an "obscenity," Mr Mandela reminded his audience that many blacks had died in prison cells and on the gallows. When fundamental human rights were denied they had to be be defended, if necessary, with the weapons of war, he said.

He avoided setting out a blueprint for future negotiablueprint for future negotia-tions with the de Klerk Government, and at one point spoke of the danger of a white backlash.



Exercising force: police step up security around Nelson Mandel during a walk in Washington after an earlier death threat

Dominican poll fails to deliver clear-cut victory

Canute James on the aftermath of tough presidential elections

Dominican

Republic ATLANTIC

ism, agriculture and light man

presidential term.

banks. However, it cannot reschedule these or its Paris Club obligations, which make up most of the \$4.1bn foreign debt.

until it agrees a structural

until it agrees a structural adjustment programme with the IMF. Mr Balaguer's reluctance to deal with the IMF is based on fears that violence and rioting, which greeted the imposition of austerity measures agreed by former president Salvador Jorge Blanco in 1984, will be repeated.

R Juan Bosch, the losing candidate in the Dominican Republic's presidential election, is claiming he is the vicrefusing to recognise the offi-cial result - which gave Mr Joaquin Balaguer, the 83-year-old incumbent president, a nar-row victory — and is alleging widespread vote-rigging. Mr Bosch, 80, was anticipat-

ing keenly his first full term as president, having been over-thrown by the military after seven months in office in 1963. He says the fraud perpetrated on his socialist Dominican Libeation Party was engineered by Mr Balaguer's conservative Social Christian Reform Party. Despite repeated denials by SCRP officials, Mr Bosch been similarly votes came from Dominicans living in New York, Miami and Caracas. Thousands of the dead left their graves but could not vote because others, very much sire, had already used their hames," he contends.

Business leaders say the charges, the close result and the month-long delay in amouncing the May 20 election result could lead to proged political confusion in the Caribbean republic of 7m people. This, and continuing momic deterioration, could trigger further outbreaks of social unrest which has plagued the country for the last six years.

Mr Balaguer, who is blind,

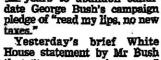
won a sixth, non-consecutive term by a narrow margin – 24,800 votes ahead of Mr Bosch – with a third of voters supporting him. Most of the remaining votes went to either Mr Bosch or Mr Jose Francisco Pena Gamez, of the social democrat Dominican Revolutionary ocret Dominican Revolutionary Party. About half the 3.2m registered electorate voted.

Pre-election polls indicated Mr Bosch held a clear lead. However, Mr Bosch, who gained support from the busi-ness sector by promising wide-Spread deregulation and divestment, alienated workers in state enterprises who feared for their jobs. He was also involved in controversial state ments about the role of the Catholic Church.

While Mr Bosch, an avowed Marxist in earlier years, appears to have made a dramatic ideological volte-face — he now says capitalism is the only route open to the Dominican economy - there is little indication that Mr Balaguer will make fundamental

changes in economic policy over the next four years.

Changes are needed if the country is to pull itself out of its current quagmire. The economy is based on the production of minerals, mainly on of minerals – mainly sold, nickel and silver - tour-



Yesterday's brief White House statement by Mr Bush that "tax revenue increases" will have to form part of any package to reduce the Federal Budget deficit begs many ques-tions about the form and balance of any tax measures. But after more than six weeks of talks between the Administration and congressional leaders these words offer the hope of a

The problem with negotia-tions so far has been that neither side has been open or flex-ible. President Bush may have said in early May that every-thing was on the table, but his advisers made clear their continuing opposition to anything which could be seen as a tax increase. He also refused to

submit new proposals of his own. Also, with mid-term elec-T has taken President George Bush nearly two years to abandon canditions only just over four months away, congressional Democrats have been reluctant to take the lead and face blame

for proposing higher taxes.

Last week, Mr Richard Darman, the Budget director, finally put forward an Adminnnary put forward an Admin-istration plan, cutting the defi-cit by just over \$50bn (£29.06bn). But this was quickly dismissed by the Dem-ocrats as a warmed-over version of the January Budget. So at the weekend there was the growing threat of stale-mate, with Congress starting a 10-day recess this Friday and then a month-long break in

Something had to give, espe-cially since under the Gramm-Rudman deficit reduction law automatic spending cuts come into force in October unless the deficit has been reduced to Peter Riddell on the prospects for a breakthrough deal to reduce the Budget deficit

President Bush mouths a new line on tax increases

target. This is \$64bn for fiscal 1991, starting in October.
However, Mr Darman last week revised upwards his estimate of the deficit by a further \$150bn even before \$21bn to \$159bn, even before including up to a further \$68bn for the costs of the savings and loans rescue.

So even allowing for the statutory room for manoeuvre, spending cuts or sequestration \$800n. While this might seem small by comparison with total Federal spending of \$1,200n and only be equivalent to 1½ per cent of US gross national product — it would be a very Moreover, because two-thirds of Federal spending – such as social security entitlements, contracted defence projects and debt interest - is exempt, the cuts would fall heavily on programmes such as education, public housing and on services such as air traffic control. This prospect was politically unacceptable to both sides so Mr Darman per-suaded Mr Bush to take yesterday's initiative after the way The difficult part now starts.

The statement refers to each side's sensitive points - "enti-

tlement and mandatory pro-

ncreases, growth incentives, discretionary spending reduc-tions, orderly reductions in defence expenditures and budget process reform to assure that any bipartisan agreement is enforceable and that the deficit problem is brought under responsible control." While everyone yesterday

was avoiding specifics ahead of a resumption of talks today, this means cuts in cost-of-living adjustments for pensioners and in welfare programmes such as Medicare for the elderly and Medicaid for the On the tax side, the Bush

Budget last January included roughly \$19bn in increased tax revenues and user fees; mainly minor adjustments in various specific levies on airline tickets and long-distance telephone calls and payroll taxes on gov-ernment employees, plus the initial favourable impact of a (counted as a growth incentive in vesterday's statement). Mr Bush's statement implie

but does not state, that this figure may be increased. An explicit increase in income tax rates is probably still unaccept able to the White House and might result in a large revolt by congressional Republicans. More likely is some form of broad-based energy tax. Any package will also include larger cuts in defence

spending than the \$3bn or so reductions proposed by the Administration last January. Mr Richard Gephardt, the Democratic House Majority leader, said he hoped broad agreement could be reached by mid-July, when Congress has to vote on an increase in the Federal Government's borrowing powers. That date may be over-ambitious, but the way

Environmentalists win 10-year delay on US offshore oil drilling

imposed delays of more than a decade in new offshore oil drilling off large areas of California and south Florida, writes Peter Riddell in Wash-

The decision, announced yesterday by President George Bush, followed intensive pressure from environmenintensive pressure from environmen-talists and from congressional delega-

and more than 99 per cent of the California coast will be off-limits to oil and gas leasing and development until after the year 2000."

Only those areas in close proximity

to oil and gas development in Federal and state waters may be available before then. These areas, in the Santa Maria basin and the Santa Barbara only after environmental impact In addition, Mr Bush yesterday also ordered the Interior Department to delay further leasing and development activity in several other areas, including coastal regions off Oregon and Washington states in the

An offshore drilling lease in the Georges Bank area of the North Atlantic, an important fishing area off oil business, including offshore opera-tion, said his decision was because

"further steps to protect the environ-ment are needed." The Administration decision bars oil leasing and development in sale area 116, part two, off the coast of Florida, sale area 91 off the coast of northern California, sale area 119 off

the coast of central California, and the vast majority of sale area 95 off the coast of southern California. The areas affected include 6.7m acres off southern California, 1.2m acres off northern California and 13m acres in the Gulf of Mexico. The decision follows a report from a task force of the Interior Department and the National Academy of Sciences which concluded that more study of the environmental effects was needed.

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Citibank wins Japanese cash dispenser fight

By Stefan Wagstyl in Tokyo

CITIBANK yesterday won its long fight to link its branches in Japan to the on line cash dispenser network of the top

From December 17, custom-ers of the US bank's nine Japanese branches will be able to use the 20,000 machines at the 5,300 branches of the Japanese city (commercial) banks. The city banks long opposed

allowing Citibank to join a system they said they had developed and paid for. Three years ago. Citibank had to content itself with an agreement with Dai Ichi Kangyo, the largest bank for access to its cash dispension machines. However pensing machines. However, the US bank never lost sight of

its eventual goal. The Japanese banks seem to have given in to Citibank's demand for fear of inflaming tensions between the US and Japan over financial issues. The US has in the past year increased the pressure on Japan to accelerate deregulation, including the pace of Interest rate liberalisation.

Finance has resisted the pres-sure so far out of concern for

The Japanese Ministry of

the possible impact of deregu lation on small financial institutions. However, it appears the ministry decided that other, relatively minor, prob-lems should be solved, where possible. The ministry declined to comment, saying the issue was a matter for Citibank and the Japanese banks. Citibank said only that it was pleased

the matter had been resolved.
Separately, Citibank has agreed with Mitsuhishi Bank, one of the largest Japanese banks, to establish a branch inside a Mitsubishi branch in Osaka. Citibank said the deal was a private matter between the two banks, and had nothing to do with US-Japan eco-

nomic tensions. Citibank is unique among foreign banks in building a retail branch network in Japan. It has had consistent difficulties opening branches because of the cost and complex regulatory procedures involved. Mitsubishi also denied that political consider-ations lay behind the deal. The agreement followed a Finance Ministry move to ease curbs on banks sharing branches.

Algeria admits its debts were badly mismanaged

By Stephen Fidler, Euromarkets Correspondent

ALGERIA'S economy minister yesterday admitted his country had "grossly mismanaged" its would be sufficient to encourforeign debt but rejected comparisons with Latin American

debtor countries.

Mr Ghazi Hidouci said at a presentation in London that Algeria would continue its policy of avoiding a rescheduling of its foreign debts and said creditors would be paid back on time, rather than over 10

years as in a rescheduling.
As reported, a central bank document presented at the meeting shows the average maturity of Algeria's debt of only 3.6 years. Algeria has \$23.6bn in medium and long-term foreign loans and \$1.7bn in short-term credits.

The report indicates that in its determination to avoid rescheduling, Algeria is considering an unusual offer of collateral to international banks to encourage them to grant new loans and thereby refin-

ance maturing credits. The collateral, in the form of paid for by increasing borrowings. It suggests collateral equivalent to 20 per cent of provisions which international

age banks to lend. Borrowing \$3bn a year in this fashion would reduce the ratio of debt service to exports from 75 per cent now to 27 per cent in

1992-93. The other option - to refinance through the arrangement of conventional longer-term loans - means that new borrowings of \$2bn annually would reduce the debt service ratio to 24 per cent by 1992-93.

Mr Hidouci conceded that the government was facing a number of practical difficulties in attempting economic, politi-cal and social reform.

The central bank report

describes the Algerian economy as being at a critical junc-ture. It concludes that the economy can enter a virtuous circle but that circle would fail to operate "if Algeria's access to capital markets remains

blocked by creditors' policies". Despite this, the issue preoc-upying some bankers at the meeting was one of political risk given the victory in local elections this month by Islamic fundamentalists.

Quake rescue hopes fade

yesterday to reach remote viilages in north-west Iran but with virtually no hope of find-ing survivors from last week's earthquake, Reuter reports from Tehran.

In Tchran, praise for the international response to the disaster overshadowed the radical opposition to foreign aid. Tehran Radio said 127 aircraft carrying supplies and medical and search teams from abroad had arrived by midnight on Monday.

"The timely presence of foreign forces with advanced and complete equipment has been effective in search, rescue, treatment and burial of the vic-tims," Interior Minister Abdollah Nouri said. "We have no problem...in using humanitarian aid from foreign coun-

Foreign relief officials said there was little hope of finding more survivors five days after the earthquake struck villages and towns across 11,000 sq km killing at least 50,000.

INTERNATIONAL NEWS

Kaunda under pressure as Lusaka rioting continues

By Mike Hall in Lusaka

THE death toll from two days of rioting in Zambia rose to 15 yesterday as looting by angry mobs continued, spreading throughout the capital,

President Kenneth Kaunda was forced to cut short a holiday for emergency meetings with senior politicians. A 6 pm to 6 am curfew has been imposed and police

warned that anyone breaking the curiew would be arrested. Policing on the Copperbelt, home of the country's vital

mining industry, has been stepped up. Hospital and police officials

confirmed that 11 people had died in rioting yesterday, in addition to four killed on Monday. About 140 were seriously

One policeman was stoned to death by mobs during a house-to-house search. A three-year-old girl and two traders were also killed.
In yesterday's rioting, three police stations were attacked by demonstrators.

The semi-official Daily Mail newspaper reported yesterday that at least 100 people were detained after the first day of rioting, prompted by the dou-bling of the price of maize meal, the staple food.

The stone-throwing mobs yesterday clashed in several places throughout the city as places throughout the city as the army and police, firing automatic weapons and using tear gas, battled to keep con-trol. All roads out of the capital were scaled. Thousands shouting anti-

government slogans broke into shops and supermarkets in more prosperous suburbs. stoned cars and attacked other symbols of wealth before police arrived to disperse them. Army helicopters circled

over the capital. Eyewitnesses said some paramilitary forces were paramining by and encouraging ordinary people to loot. Many onlookers said they supported the action taken by people from the mainly poor suburbs

"At last these unemployed youngsters have found some thing to do," said one. "People can only take so much. Kaunda should resign," he added, echoing sentiments that appeared to be wide-

The United Nations issued orders to all staff to close down UN offices and return home immediately. University students said yes-

terday that up to 30 colleagues had been arrested on Monday

antil they were released. Some suburbs yesterday remained under the control of thousands of angry citizens

who had barricaded roads. They said they would continue their action until the government rescinded the

increase in the maize price. But some observers believe the rioting has gone beyond the issue of food prices, and there are now increasing calls for President Kaunda to step

Unrest against one-party state finds wide support

Deteriorating economy is at the root of Zambian discontent, write Mike Hall and Michael Holman

"Zambia is not only a one par-ty-state." he said. "We have a one-man party — and it's time for that

man to go."

As mobs rampaged through the streets of the capital, Lusaka, yesterday looting shops and attacking symbols of wealth, President Kenneth Kaunda faces one of the most severe tests of his 26-year rule.

During much of this time, the president has been preoccupied by events beyond his borders – wars in Angola, Mozambique, Rhodesia (now Zim-babwe) and South Africa. With characteristic starched white handkerchief in hand, and frequently weeping when his emotions overcome him, Mr Kaunda has often been on the world stage in his search for peace in southern Africa.
But the mission-educated child of a

Presbyterian minister is now caught up in a domestic crisis that could well bring out the tough streak in one of Africa's political survivors.

The riots, which started on Monday

minister and Mr Paik Nam Jun, his North Korean counterpart will try to

arrange an unprecedented

meeting of their prime min-

rounds of talks when

Pyongyang announced in February that it would sever all border contacts in protest against South Korea's annual

military exercises with the

"Zambia is not only a one party-state," he said. "We have a man party - and it's time for that broader cross-section of Zambians joining with unemployed and poor

Although it is the frustrated job seekers who have been in the thick of the action, they have the support of many middle class Zambians who have seen their living standards eroded over the past two decades.

What must also be worrying for President Kaunda and his ruling United National Independence Party (UNIP) - the sole legal party since 1972 - are reports that some in the security forces were encouraging riot-

It was still unclear yesterday, however, whether any organisation is behind the unrest other than the banned university students union. But what is striking is the extent of popular frustration with the government among the urban population which has grown as the economic climate has deteriorated. The vast majority of city residents have seen their living standards plunge as export earnings from copper declined diversification into agriculture failed and mismanagement of state-owned

and mismanagement of state-owned enterprises took its toll.

Resential commodities have been in short supply or beyond their reach because of black marketeering. Inflation has soared, and a shortage of foreign exchange has caused industry and other business to go under or shed workers, swelling the numbers of unemployed.

A nti-government criticism is now directed at President Kaunda personally. Once almost immune from attack, he is today seen as almost entirely responsible for the failings of a party over which he exerts near absolute control. His philosophy of "humanism", a Christian-influenced, broadly socialist doctrine that calls for love, social justice and an end to exploitation, is mocked by many Zambians for whom

daily reality is starkly different.

The continuing trial of senior army officers on treason charges arising from an alleged plot last year has provided a platform for allegations of high level corruption, while newspapers have carried stories which suggest that his sons have been involved in shady deals.

There is no evidence Mr Kannda

There is no evidence Mr Kaunda himself is implicated: nevertheless, himself is implicated: nevertheless, his reputation has been tarnished. And it is open to question whether UNIP is capable of presiding over changes to a new political system.

Mr Kaunda will now need all his skills if he is to ride the current crisis. He was able to defuse the last serious challenge in 1986, when several people died in riots protesting against food price increases, by arguing that the measures were forced on him by the International Monetary Fund.

Mr Kaunda suspended the economic

Mr Kaunda suspended the economic programme agreed with the IMF and sought what was described as a "Zambian solution" to the country's economic problems.

The programme introduced was presented to the Zambian public in precisely these terms – though the measures have a familiar ring. This time, however, Mr Kaunda may be unable to divert the blame for the

He is thus in a dilemma. Zambia's go-it-alone policy adopted after 1986 failed, forcing the country back to the structural adjustment policies it has fitfully pursued in the past. But if he is to stay in power, the austerity measures the current reforms require notably cuts in subsidies and a privatisation programme which if implemented would see substantial labour cut-backs - will almost certainly have to be suspended or postponed. But trade unions, the church, pri-

vate businessmen (most of whom were once in his government), stu-dents and many professionals are increasingly hostile to the idea of maintaining the status quo. The question now is whether they can channel popular dissatisfaction into a coher-ent opposition to Mr Kaunda.



Seoul women factory workers yesterday were shoved, kicking and screaming, into police buses after they staged a protest against union-busting practices,

Renter writes. Six hundred women from seven small companies were dragged off by police after a 20-minute sit-in in

district of Kuro-dong, witnesses said. They were protesting against the Labo Ministry's tough steps to crack down on violent worker unrest.

Brand owners urge South Korea to combat fakes

US.

Both sides say they want reunification of the Korean peninsula, split at the end of the Second World War, but as a pre-condition the North wants the immediate withdrawal of 43,000 US troops currently stationed in South Korea.

Seoul says the two sides quality brand names said yes-terday that South Korea's attempts to limit the produc-tion of counterfeit goods had not been successful and called for stronger measures to pro-tect their trademarks, John Ridding writes from Seoul.

The Union des Fabricants, which represents its members'

A GROUP representing some of Europe's best known high quality brand names said yes-increase in the number of investigations and seizures of counterfeit goods in South Korea, these actions "have not translated into expected results at the level of sales to the con-

> According to UDF, the lack of systematic seizures at the retail level, non-deterrent sanctions and penalties and insufficient control are "the main rea-

counterfelt products to the US, Japan and South East Asia, "It is an attack on our image, which reduces the power of our trademark and makes custom-

ers switch to other brands."

son for the present alarming situation".

A spokesman for Luis Vuitton said that Korea was the world's largest manufacturer of imitations of the company's products and that it exported stricter application of criminal sanctions as laid down by Korean laws and regulations and special emergency measures for the Itaewon district, an rs switch to other brands." area of central Seoul renowned The UDF called for a series for the sale of fake goods.

Israel plans crash homes programme

By Judy Maltz in Jerusalem

ISRAEL is proposing to import 40,000 prefabricated homes to cope with the massive influx of Soviet Jewish immigrants. Mr Ariel Sharon, the Housing Minister, also wants to build 7,000 flats a month starting in Decamber.

Presenting the programme, Mr Sharon asked a ministerial committee to grant him emergency powers to bypass laws and speed up the building pro-

Despite forecasts of 150 000 Soviet Jewish arrivals this year, the Housing Ministry has flats. Mr Sharon intends to call on foreign contractors to belp in the huge building pro-

gramme.

Most of the construction will take place in the less populated areas of the Galilee and the

Mr Sharon yesterday told the assembly of the Jewish Agency, which belps settle immigrants, that he had received proposals from several hundred foreign manufacturers of prefabricated homes and had already ordered 3,000

The question of importing prefabricated homes has sparked controversy in Israel which is likely to delay approval for Mr Sharon's emer-

approval for Mr Sharon's emergency plan.

The Finance Ministry opposes the idea, fearing it will create slums. The powerful Histadrut labour federation has warned the Housing Ministry that imports would cost jobs at home.

A joint committee of the government and the Jewish

ernment and the Jewish Agency yesterday approved a \$2.3bn budget to finance the absorption of 150,000 Soviet immigrants in each of the next three years. The bulk of the money will be spent on housing and jobs for immigrants.

• Mr David Levy, in his first rublic statement of the his first public statement as Israeli Foreign Minister, yesterday reiter-ated the hardline stand of his Likud Party rejecting key ele-ments of a US-brokered pro-posal for israeli-Palestinian peace talks.

Mr Levy said he would not agree to negotiations with any Palestinian delegation that included people deported from the occupied territories or residents of Jerusalem. Sharp differences on this

between Labour and Likud brought down the national unity government in March.
"I am for Israel saying yes to
Baker and no to the PLO," said Levy. He was referring to the US Secretary of State's plan to hold peace talks in Cairo.

Fang still a patriot

Chinese dissident Fang Lizhi, freed by a government apparently eager to improve ties with the West, said yesterday he will continue to work for "progress and development" in "progress and development" in China, AP reports from Lon-

Fang and his wife, Li Shuxian, arrived in Britain on Monday night after being allowed to leave their refuge in the US embassy in Peking. The couple sought refuge there after the crackdown on the democracy movement in June last year.

South Korea. Seoul says the two sides should first take steps to restore mutual trust. It wants trade, business ventures and exchanges of visits by members of families separated by the 1950-53 Korean War before it negotiates terms for reunification. trademarks such as Chanel, Louis Vuitton, Cartier, Rolex, Good monsoons bring years of plenty for corporate India

As V P Singh's government inches one of the world's most regulated economies towards liberalisation, David Housego finds industrialists already have plenty to smile about

NDIA'S industrialists have a broad grin across their faces. For all the uncertainties about shares traded on the Bombay stock government policy and doubts about the stability of Prime Minister V P Singh's administration, the better managed Indian companies are bathing in the longest corporate boom since independence.
According to DSP Financial Con-

sultants, one of the largest Bombay brokerage houses, after tax profits of the 426 most-traded companies on the Bombay stock exchange - by definition excluding India's multitude of ailing concerns - rose by 74 per cent in the six months to March. Mr Hemendra Kothari. DSP's chairman, says that second half results during the last financial year were better than first. But he expects average profits to be up 45-50 per cent for the year as a whole and the current financial year to be

good as well. Mr Gerry Rao. Citibank's vice-president in Bombay, says: "It has been difficult to do badly in business over the last four to five years." Mr Ratan Tata, expected soon to take over as head of Tata's, the country's largest industrial group, says modestly of the group's performance last year: "The business environment has been rather buoyant. Telco, the Tata subsidiary which is India's largest vehicle manufacturer and of which Mr Tata is also chief executive, last week announced a 74 per cent increase in pre-tax profits.

Some sectors over the past year

have done less well reflecting excess

capacity (tyres and cement) or a gov-ernment squeeze on imported com-

market, which had dropped into the doldrums shortly after Mr V.P. Singh came to power, has climbed this week to a new high. Over recent months industry has

benefited from strong consumer demand with sales of refrigerators, scooters and motor-cycles, textiles, soap and detergent all booming. This reflects the extra purchasing power that two good monsoons - with a third reasonably good monsoon in prospect this year - has put into

farmer's pockets.

The growing wealth and power of the farming lobby — visible in the high profile dramatics of Mr Devi Lal, the farmers' leader and deputy Prime Minister — are an increasingly important social and political phenomenon in India. phenomenon in India. But the strong consumer demand also comes from India's increasingly

vocal middle class variously esti-mated at between 100m and 200m. Industry believes that demand for consumer durable goods is now growing at 8-10 per cent a year.
Other longer term factors that have come into play in boosting corporate profits are that industry is now beginning to reap the advan-tages of economies of scale, improved technology and a better control of costs that came with the first wave of liberalisation in 1985. They also benefit from India still

being one of the most protected mar-

kets - meaning that companies can sell products that are below

international standards at above

international prices.

None the less an increasing number of companies are seeing sales and profits boosted as well by exports. Mr Rao of Citibank says: "Every one of our clients has some realistic export plans." The substantial incentives offered by the Indian convergment have made foreign.

government have made foreign exchange earnings increasingly attractive – even if many compa-nies export at a cash loss. For most Indian industrialists the benefits from these factors have outweighed the uncertainties from the ambiguity of government economic and industrial policy and the reluctance of a weak administration to take decisious. Some of these ambiguities have been removed with the

announcement by Mr Ajit Singh, the Minister for Industry, of the govern-ment's new industrial policy.

The real importance of this is more in the continuing momentum that it gives to liberalisation than in the actual impact of the measures themselves." This government is as much for liberalisation as the previ-ous government (of Rajiv Gandhi)," says Mr Rahul Bajaj, the chairman

of Bajaj Auto, the scooter manufac-turers. "But both keep the economy the most regulated in the world." The main impact of the new mensures will be on small and medium sized companies which will no lon-ger require licences for investment up to Rs250m (£8.4m) and up to Rs750m in backward areas. Large industrial groups and foreign compa-nies were explicitly excluded from this de-regulation - though Mr Alit Singh said the government intended





Liberalisation is welcomed by industrialists Rahul Bajaj (left) and Ratan Tata (cantre), but socialist eco

to do more for them as well. The government has also eased controls on technology and capital goods

The surest aign that the shift in emphasis should be taken seriously is that it has brought an outery from the government's socialist supporters, including Mr Chandra Shekar, a leading opponent of the Prime Minister and an influential power broker in his National Front coalition. A group of 11 socialist economists con-demned the new industrial policy as "a leap in the direction of liberalisation ignoring the logic of planned

So far Mr V.P. Singh has stuck to

his guns. In remarks last week that

showed an increasing awareness of

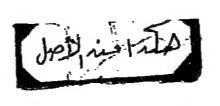
global economic realities, he said that India must gear itself to meet the challenges of world competition. "If it does not, it will be left behind,"

The government's change of tone still does not seem to have removed the apprehensions of foreign inves-tors - who are worried not only by the normal 40 per cent equity ceiling they are allowed in India but also by bureaucratic delays, political uncer-tainties, and the violence in Kash-

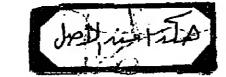
Foreign investment — already only \$250m last year — has dropped further. In an effort to reverse the trend the government is giving far clearer signals that foreign investment is welcome. It also hopes to

clear up misunderstandings in the coming days over its recent announcement that approvals for foreign investment will be automatic for foreign companies under the 40 per cent celling by publishing a full list of industries in which this will

over the longer term the real worry of Indian industrialists is that Mr Singh's administration could fall apart through in-fighting among its factions — thus resulting in another period of political instability. Mr Deepale Paroch managing directors Deepak Parekh, managing director of the Housing Finance Development Corporation and a director of many



companies, sees political uncertainty as the major factor now deterring further private sector investment.



UK NEWS

Development to exploit Wytch Farm oil reserves in English Channel waters

BP assessing plans for artificial island

By Steven Butler

BRITISH PETROLEUM is moving forward with plans to build an artificial island to exploit 100m barrels of oil reserves underneath Poole Bay, off the coast of Bourne-

mouth.

The company said yesterday it had shelved five other development options while concentrating study efforts on the island concept. A final decision would depend on the outcome

The announcement follows recommendation of the Stand-

Savings ratio up as personal incomes rise

By Peter Norman, **Economics Correspondent**

BRITAIN'S saving ratio bounced back above 6 per cent in the first quarter of this year but the recovery appeared to reflect a strong rise in personal incomes rather than a revival of thrift.

At the same time, figures released yesterday by the Cen-tral Statistical Office pointed to a deterioration in the finan-cial position of industrial and

commercial companies.

Although companies' gross trading profits net of stock appreciation rose by a season-ally-adjusted 1.9 per cent to £16.77bn in the first quarter, they were 2.9 per cent lower than the year before. The financial deficit of com-

panies rose to nearly £7bn from £5.79n the quarter before as dividend payments and investment outlays rose. A sharp fall in the company sector's net borrowing requirement to £3.77bn from £10.82bn in last year's final quarter reflected a sharp rise in com-panies' liquid and other finanial assets rather than any cut in their bank and other box-

rowings. Mr Peter Spencer, UK econo mist of Shearson Lehman Hutton, the stockbroker, said: "There is a tremendous con-trast between the personal sector and the company sector

it's a story of personal afflu-ence and company squalor." While acknowledging that the company data are provi-sional and include a large £8bn "balancing item" to rec-oncile known financial inflows and outflows, he said yesterday's figures suggested that Britain's companies had become more vulnerable to economic shocks.

At the Treasury, officials described the latest company figures as puzzling. However, they greeted the first quarter news for Mr John Major, the Chancellor of the Exchequer, following last week's disclosure of a fall in the current count deficit between April and May and the weekend industrial trends survey which pointed to a decline in inflationary pressures in manufac

turing.

The CSO reported yesterday that the savings ratio increased to 6.1 per cent in the first quarter from 5.6 per cent in the final 1989 quarter and 4.3 per cent in the first quarter of last year.

The ratio which measures

The ratio, which measures personal saving as a percent-age of total personal disposable income, has oscillated between 5.6 per cent and 6.1 per cent since mid-1989 compared with between 4 per cent and 4.5 per cent in the previ-ous 18 month period.

However, the increased sav-ing appeared to reflect strong income growth rather than any cut in consumption. At current prices, total personal disposable income increased by 3.1 per cent in the first quarter compared with the previous quarter and was 11.4 per cent up on the first quar-

1974

ing Conference on Oil and Gas Exploration in the English Channel, representing a group of local authorities, which pro-visionally endorsed the artifi-cial island concept on Monday pending resolution of a number of outstanding quantities.

of outstanding questions.

The oil reservoir is an offshore extension of the Wytch Farm oil field, which lies underneath Poole Harbour and is exploited from onshore and

There is little outright local opposition to the development

but there is widespread concern that BP not damage the local fishing or tourism industries, and that it not cause harm to sensitive environmen-

The artificial island is pre-ferred by most because it is seen to offer better protection against an oil spill and would not require a 500 metre exclusion zone for ships, as do other options. An island could also be made to blend in visually with the surroundings. Fishermen hope the island could be

clad to provide breeding grounds for fish and shellfish.

 British Petroleum is to spin off its Venture Research unit, which funds pioneering research by academic scientists, Clive Cookson writes.

The unit will form the nucleus of a new company, Venture Research International. BP hopes four or five other large international corporations from different industrial sectors will join it as

City regulators investigate alleged share dealing ring

CITY of London regulators are investigating allegations that Dunsdale Securities, the investment group which col-lapsed earlier this month, was the centre of an illegal share dealing ring.

At least two individuals have been suspended from their jobs in leading city firms, but the number involved is thought to

Dunsdale was suspended on June 6. It is now the subject of a Serious Fraud Office inquiry over the loss of up to £20m of clients' funds. Mr Robert Miller, its managing director, is in custody charged with dis-honestly obtaining funds. He is

due to appear in court for the second time on July 17.

The two suspended individu-als were working for Swiss Bank Corporation and Bar-clays de Zoete Wedd Asset Management. However, others are thought to have been suspended at at least one other major securities house. A share dealing ring is an

informal agreement among individuals at different securities houses to pool price sensi-tive information with a view to profiting illegally by trading on their knowledge. that a leading fund manager had been suspended, but declined to elaborate. SBC said that a senior employee in the bank's equities group left the bank last week. An official said he had left by mutual consent. SBC is known to be among

Dunsdale's creditors and is believed to be trying to recover money it lost as a result of an equity transaction with the investment firm involving millions of pounds worth of shares in Reuters. The amount lost by SBC is said to run to several hundred thousand pounds. The employee was associated with SBC's dealings with Dundsale. However, the bank declined to elaborate on his role and said that it had no ordered to said that it had no evidence to suggest that the former employee was involved in a share deal-

ing ring. Chief Inspector Gale, the police officer in charge of the Dunsdale inquiry said: 'It is extremely early days, and we have no comment to make. We don't know if there is a dealing ring or not."

The dealing ring inquiry centres on share accounts held by

The share accounts, some of which were held in joint Managers Regulatory Organi-names, appear to have been sation (IMRO).

used for a long-running share dealing arrangement involving a technique known as front-running. This is where parties deal in the share market know-ing that a large transaction is about to occur which will

One way it works is when an employee at a fund manage-ment company knows the firm is planning to enter the market to buy a block of a particular stock. The employee immedi-ately telephones a broker and does a separate deal, benefiting from any price gain resulting later from the larger transac-

Such deals are thought to have been routed through Dunsdale by individuals working for at least three City firms. Some of the names are understood to have been found on dealing records left in Duns-dale's office in Park Lane. Several regulators are known to be involved in the widening Dunsdale inquiry, including the Financial Inter-mediaries, Managers and Brokers Regulatory Association

(Fimbra), The Securities Asso

ciation and the Investment

Appeal court cancels penalties imposed for building delays

By Charles Leadbeater, Industrial Editor

swirtly penalties against build-ing contractors for the alleged late completion of work.

have widespread implications for the management of large construction projects, the court cancelled two summary judg-ments enforcing immediate payments worth about £18.5m from two contractors for late

completion of contracts.

The court set aside rulings which were made without a full court hearing by an official referee appointed by the High

THE Court of Appeal yesterday . Court. It said the rulings threw in doubt the ability of property developers to enforce swirtly penalties against build-

put to a full hearing.
The case, involving alle late completion of work at the Broadgate development and Beaufort House in London, reflects the mounting tension between developers and contractors over delays on major construction projects.

Rosehaugh Stanhope was initially awarded 28.3m in dam-ages against Redpath Dorman Long for alleged late comple-tion of work on the Broadgate

development. Beaufort House Development was awarded damages of £10m against Zimmcor International. The developers made the

claims under construction contracts which said the construction manager, Bovis, could assess the value of late work and determine whether subcontractors were responsible

for the delays.

The High Court referes initially accepted the procedure was valid. The Court of Appeal ruled that while Bovis could assess the value of the late work it was not in a position to apportion responsibility.

Government report urges review of discrimination in N Ireland

By Raiph Atkins

A LARGE-scale extension of Northern Ireland's laws against religious discrimina-tion was recommended yesterday in a Government-commis-

Existing legislation on dis-crimination should be extended to prevent actions by the Government which unin-tentionally create inequality between Protestants and Cath-olics – or "indirect discrimina-tion", the report said. The law on racial and sexual discrimithe Government which unin-

nation should be brought in line with the rest of the UK. The report by the Standing Advisory Commission on Human Rights (SACHR) is the second of two studies of discrimination in the province. An earlier report lead to North-ern Ireland's Fair Employment Act of 1989 outlawing "indi-rect" discrimination in employment practices.

The latest report describes indirect discrimination as "objectionable and as inimical

to the maintenance of good relationships between the two main sections of the community in Northern Ireland as directly discriminatory legisla-tion and executive action." An extension to existing laws could prevent public sector housing or Government grants being allocated in a way which creates inequality. Mr Peter Brooke, Northern Ireland secretary, promised the give the report "very careful consideration". BRITAIN IN



Americans named in Guerin case

Two former colleagues of Mr James Guerin, former deputy chairmen of Ferranti International, the UK electronics and defence company, were yesterday held liable with Mr Guerin to pay \$189m to two Ferranti subsidiaries they allegedly helped to defraud.

Mr Guerin was at the centre

which forced Ferranti to suspend its shares on the London Stock Exchange in



Guerin: alleged fraud

Mr Justice Mervyn Davies awarded a judgement to ISC Technologies Ltd and ISC London plc against Mr Robert Shireman and Mr Lawrence Resch who failed to file any notice of their intention to defend themselves in the action brought by Ferranti following its discovery of the fraud by Mr Guerin and his associates. Mr Shireman and Mr Resch, both US citizens and residents, were respectively finance director

technologies.

The judgement followed a similar order made against Mr Guerin on June 18, when Mr Justice Hoffmann "struck out" the defence offered by

d project manager of ISC

The ISC companies claim that Mr Shireman and Mr Resch were involved in a scheme with Mr Guerin while he was executive chairman to enter into bogus contracts with a number of Panamanian

New business plan in Belfast

Plans for a 230m business and leisure development creating 1,200 jobs in one of Belfast's most deprived areas were unveiled yesterday. The project, named "Yorkgate", will have a mix of retailing, housing, workshops and leisure

facilities on a 16-acre site in north Belfast The site was formally a Gallagher tobacco factory and the development is part of a strategy aimed at revitalising the city's northern suburbs

Yorkgate will have 223,000 sq ft of retail space, incorporating a food court and 8,500 sq ft of speciality market units, a leisure complex comprising a 38-lane tempin bowling alley, a 10-screen multiplex cinema and a leisure pool, all complemented by 1,400 free car-parking spaces.

The developers are Ewart Co, a joint venture between

Ulster-based property group, Ewart, and the Manchester-based Co-operative Wholesale Society (CWS), one of the largest retailers and

Profits down at Lloyd's

The pre-tax profits for members of Lloyd's of London, 1987, the year for which accounts have just been closed under Lloyd's three years accounting procedure, were down to £505m compared to £649m the previous year according to the Association of Lloyd's Members.

The 9,000-strong ALM has analysed the 1987 audited accounts of 355 out of 357 Lloyd's syndicates underwrite underwriting to produce an unofficial estimate of total profits for the market.

These show that Lloyd's pre-tax profits have been badly hit by the need to reserve for so-called open year syndicates where the extent of liabilities is too uncertain for a final profit or loss to be declared.

Sizewell project defended

The Government yesterday tried to restore public confidence in nuclear power by ruling out the cancellation of the new power station at Sizewell in Suffolk and arguing that nuclear power will have a central role in combatting global warming. Mr John Wakeham, Energy

Secretary, wrote a letter to the Commons Energy Committee explaining his decision not to cancel the Sizewell pressurised water reactor (PWR) station, which is due to be completed in 1994. Mr Wakeham's letter

compares the £990m that would be saved by cancelling Sizewell now with the cost of building a new gas-fired power station from scratch. The Energy Secretary said the saving from scrapping Sizewell on this analysis did not justify

'Useless' drugs sent in aid

abandoning the project.

Some of the drugs sent to Armenia for victims of the 1988 earthquake were usele or even dangerous, experts say, and they warn of similar problems with emergency supplies now being sent to Iran, according to reports in a British medical journal published yesterday.

The Armenian shipments included pharmaceuticals that came from stocks of expired drugs, and others of a type no longer sold, according to an article in the respected medical journal, The Lancet

"We know exactly the same problems are happening now in Iran," said Dr. Philippe researcher in public health for the Brussels-based

Health and Development.

Opportunities in cable market

There is a strong potential market for cable television in the UK, according to market research for the Cable Authority, the industry regulatory body.

It shows that householders who say they are certain or likely to buy cable when it becomes available in their areas total more than 8m. Cable franchises cover 115 areas of the UK with more than half the national population, though most of the cable networks have not

actually been constructed. The 8m - 38 per cent of households - compares with 3.8m which say they would opt for Astra dishes receiving channels such as Sky Television and 2m who say they would opt for British Satellite Television, a satellite service in which Pearson, publishers of the Financial Times has a significant stake.

Unions fight to keep members

The Amalgamated Engineering Union has been overtaken by Nalgo, the public services union, as the third biggest union in the country amid a continuing fall in membership among TUC-affiliated unions.

The AEU, which was the second biggest union until it was overtaken last year by the GMB general union, lost 6.5 per cent of its membership between the end of 1988 and the end of 1989 year according to figures submitted to the

Heysel appeals dismissed

Eleven of the 14 Liverpool soccer fans convicted of manslaughter following the Heysel stadium riot in May 1985 had their sentences increased by a Belgian appeal

After four months of appeal hearings, Judge Pierre Van De Walle increased the original three-year prison sentences
- 18 months of which were suspended — to four years for seven of the Britons and to five years for four of them. He also cancelled the 18-month suspensions and upheld a 60,000-franc fine (about £1,000) imposed in April

Tough talking in car industry

last year.

Union leaders gave notice of a tough set of negotiations in the UK car industry when they said they would be looking to ontpace inflation considerably in pay deals later

this year covering 44,000 Rover and Jaguar workers. Mr Jack Adams, National

Automotive Secretary of the TGWU General Workers' Union and lead union negotiator at both companies said: "Jaguar and Rover will need to come up with agreements that improve living standards and recognise efficiency improvements. We are not going to do deals on

the cheap."
Mr John Allen lead negotiator for the AEU Engineering Union, said the Ford agreement concluded earlier this year had set a going rate in the motor

Labour attack on timeshare

Mr Nigel Griffiths, the Labour spokesman on consu affairs, yesterday called on the Office of Fair Trading to wind up the Timeshare Developers Association. The OFT is expected to publish a repot on timeshare operators shortly, and may call for new statutory rules covering the

industry.
Mr Griffiths said the TDA was set up in 1987 to respond to criticisms about the industry, but that "undesirable practices

continue". Leading timeshare developers, such as Barratt International and Wimpey Timeshare, had left the TDA "because that have lost confidence in its ability to discipline members who infringe rules," Mr Griffiths said. The Labour Party's recommendations for cleaning up the timeshare industry, including proposals for legislation, are to be announced on Thursday.

Banks to offer new contracts

Banks will be allowed to offer Save as You Earn contracts later this year under provisions in the Finance Bill, Mr Richard Ryder, Economic Secretary to the Treasury, said yesterday.

The provision was outlined in the Budget in March so that approved banks could offer SAYE in line with the Department for National Savings and building societies

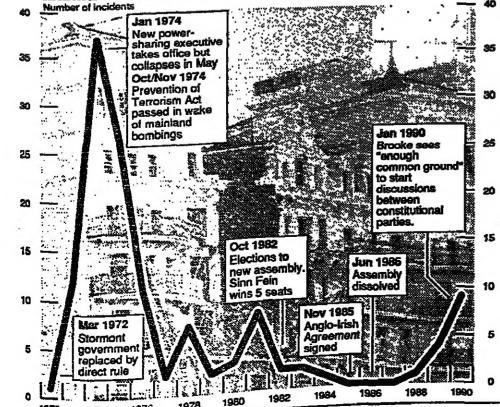
Free market in mobile phones

Mobile communications operators will be free to market their services direct to the public from 1983, the Government announced yesterday. At present, Racal-Vodafone and Cellnet, which run the UK's two cellular networks, cannot must go through intermediaries known as service providers.



Mr John Major, Chancellor of the Exchequer, yesterday launched the new five pence coin (pictured above) at the Oyal cricket ground in south London. The coin, one of the smallest in circulation, is worth about eight US cents or 14.5 West German pfennigs.

Mainland attacks by Northern Irish terrorist groups



LONDON CLUB BOMBING

IRA strikes at a symbol of the UK's ruling class

By Kleran Cooke and Raiph Atkins

MRS MARGARET THATCHER said it all with her first words at a post EC summit news conference in Dublin yesterday. "The summit has to some extent been overshadowed for us by the terrorist bomb at the Carlton Club," she said.
With one bomb the IRA had once again made the headlines.

Other issues were forgotten. The IRA's semtex-fuelled propoganda machine had scored another victory. The Carlton club bombing was not a change of tactics on the IRA's part. The IRA strikes at anyone it regards as supportive of what it calls the British Crown Forces.

This does not only mean soldiers, whether in or out of uni-form, whether based or the Rhine or in the Falls Road. In Northern Ireland it means policemen. It also means build-ing contractors who might be foolhardy enough to carry out work for the security forces. It might even refer to a milkman who delivers to a police staIn the Commons, the Gov-ernment again found itself wrong-footed Late on Monday, after returning from the scene of the bomb, Sir Geoffrey Howe, leader of the House, was anxious to satisfy MPs clamouring for details.

But by next day, Mr David Waddington, Home Secretary, found himself to obliged to make a statement to MP's that he would have preferred not to have made. The Government was responding to an outrage that, if it had happened in Northern Ireland, would scarely make the inside pages in mainland newspapers. We must be very rejuctant

indeed to give unnecessary publicity to the perpetrators of these outrages," Mr Wadding-ton admitted to MPs. The Carlton Club might not be associated in any way with

the military. But it is one of the symbols of the Tory establishment, which, in the IRA's view, supports the continuing partition of Ireland.

A similar rationale lay

behind the IRA bombing earlier this month of the home of Lord McAlpine, a former treasurer of the Conservative party and a confidante of Mrs Thatcher. However, the scale of the

IRA campaign has changed. In the 70's and early 80's the IRA caused mayhem with an indiscriminate bombing campaign in Belfast, London, Birming-ham and elsewhere. The campaign cost many lives, almost all innocent civilians. The emergence of Sinn Fein, the IRA's political wing, was one reason the bombing cam-

paign was halted. Civilian deaths - in IRA language "mistakes' - cost Sinn Fein valuable The IRA also was refining its operations. Massive arms shipments from Libya in 1987 -

longed on sophisticated terrorist campaign. The strategy in the past few months has succeeded in bring-

believed to total at least 150

tonnes - have given the IRA

the resources to wage a pro-

ing IRA activies once more into the consciencesness of mainlanders. Either by coincidence - or design - it has occured as Mr Peter Brooke. Northern Ireland secretary, has made genuine progress towards starting talks on the political future of the province. A statement on his plans is

expected in the Commons early next month. In it, Mr Brooke will outline how three sets of relations will be considered in tandam: between north and south Ireland, between London and Dublin and within the province itself. The package appears to have satisfied all the province's con-

stitutional parties - not a small achievement after more than two decades of "The Troubles". But throughout Sinn Fein has been excluded; specifi-cally debarred by successive Northern Ireland secretaries. If change is in the air, the IRA must be anxious that its voice is heard.

It still has substantial supplies of Semtex, a light, odourless and highly lethal explosive, at its disposal. The IRA has arms dumps scattered about Northern Ireland, the Irish Republic, mainland Britain and in continental Europe.

Ironically, the IRA seems short of trained operatives who can use such weaponry. The IRA leadership is therefore using the organisation's scarce manpower to full effect by launching attacks at carefully selected targets - whether in Gibraltar, the Netherlands, on railway platforms in Northern England or in central London.

The IRA can thus portray itself as a highly skilled force, liable to strike anywhere at anytime. It is a strategy straight out of any guerilla warfare textbook. Carry out attacks on specific targets, go to ground and then emerge in a completley different location to strike again.

Monday night, as Mrs Thatcher admitted, was the opportune moment for the IRA gain maximum publicity.

The argument they make sounds reasonable: if a com-pany does not have a coherent approach to its human resources it may not be able to fulfil its business needs. How-ever, it is one which the finance director or the production director could easily make for his area of special interest. In the struggle to be heard, the human resource manager will have to rise above the obvious. These are some of the impressions gained by reading a systematic attempt to dis-cover what human resource

practitioners believe to be the main issues facing them. The study*, of 6,000 compa-nies and public sector bodies in the UK, France, West Germany, Sweden and Spain, was devised by the consulting arm of Price Waterhouse and Cranfield School of Management, the UK business school. It drew on the resources of lead-ing business research centres n the countries surveyed.

It asked human resource professionals for their respons to questions covering their companies' human resource strategy, its methods and attitude toward recruitment, pay and benefits, training and development, employee rela-tions and flexibility and work-ing patterns. Some of its key findings are:

als are on the boards of compa-nies (between 60 and almost 90 per cent representation in all survey countries except West Germany), but few are involved directly in influencing or determining their companies' corporate strategy from

With the exception of Sweden (and Sweden is the excep-tion for most things relating to personnel management), most ompanies do not have a written corporate strategy.

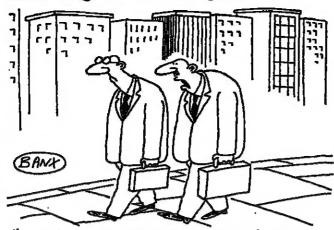
• Personnel responsibility is increasingly being devolved to

line managers, particularly in the training and development of workers and managers.

Human resources

Fighting for their corner

Simon Holberton examines the findings of an investigation into European attitudes



WHY DO PEOPLE LACK THE HUMAN RESOURCES TO REALISE HOW IMPORTANT HUMAN RESOURCES MANAGER IS?"

ment and selection and pay and benefits. Their responsibil-itles have shown a much slower growth in industrial relations, health and safety ind workforce expansion and

The report argues that human resource professionals have a role to play in ensuring personnel strategies are applied consistently. But the growth in line management responsibility for key areas of staff development suggests that human resource professionals are being side-stepped in an area which a priori would have appeared central to

The Swedes, who score among the highest in questions relating to the relevance of human resource professionals to companies, accept that line management implements train-ing schemes. They see their role as one of listening to managers' demands and designing appropriate programmes. In

this way they retain a level of control over in-house training.
The report quotes one Swedish personnel professional:
"Customer service skills are really important in modern personnel work and the line managers are your clients."

• Employers across Europe

their investment in training especially for managers and professional staff, though there

is little systematic evaluation

of training. Training of manual staff received the smallest increase in funding. But the survey showed up a large lack of knowledge among human resource professionals as to how much their organisa-tions are spending on staff training and development. The French were the best informed and that appears to be because French law requires companies to spend 1.2 per cent of the wages and salaries bill on

The survey provides evidence of companies systemati-cally analysing their training needs – between 60 and 90 per cent of respondents said they did this. The demand for training appears to be driven more by the needs of line managers than by human resource pro-fessionals initiating training

The evaluation of training tends to be informal. The most common form of evaluation comes from the responses of trainees and their managers to the particular training experience. Tests and more formal systems are less used. During the next three years.

will need most in the coming three years are: people man-agement, computing and tech-nology, business administration and strategy and the

MANAGEMENT

nanagement of change. Managers are currently being trained across a broad range of skills which appear to the for people management. Team building, delegation, staff communications and performance appraisal score highly. Possibly reflecting the business opportunities that may come with the liberalisa-tion of markets for goods and services after 1992 the learning of languages scores highly in most countries, with the nota-ble exception of Britain.

Looking ahead, people man-agement is expected to dominate in most of the countries surveyed. In France, Sweden and the UK training managers the "management of change" is seen as a high prior-

 Variable pay is on the increase in all countries surveyed, with merit pay and indi-vidual bonuses the most frequently used incentiv The report notes that employers are moving away from rigid pay structures. Variable pay packages are on the increase in all countries, especially Sweden and Spain. Fringe benefits are becoming

an important part of remunera-tion in all countries except Profit-sharing is widely available, but predominately to managerial and professional staff. Bonuses, whether individual or group, and performance-related pay are popular all countries.

in all countries. The Price Waterhouse Cran-field Report is a thought-pro-voking document. It argues for a greater role for human resource professionals in shapresource protessions in shap-ing and responding to the training and developmental needs of companies. In future it would be useful to see more detail, and less exhortation, on the role of the human resource manager in the company. In parts the report also needs sharper definition. It talks

about "strategy" without really defining its terms. It appears to link human resource planning with strategy thereby confusing the two concepts; neither has much to do with the other. The charts are very difficult to read and interpret and in future need much clearer presentation.

field Project on International Strategic Human Resource Management, Cranfleld School of Management, Cranfleld, Bed-ford, MK48 0AL. £150.

Procuring goods and services overseas

Crown Agents in battle royal

The store with a difference, in the forefront of ensuring official aid donors obtain value for money, faces private competition as it looks to expand, writes Peter Montagnon

ucked away in a non-descript 1960s office block behind Allders department store in the Surrey suburb of Sutton is a different kind of store with a much more international clien-

If you are a government agency you can go to it for anything from policemen's uniforms to railway locomotives to French readers for your schools. For this is the head office of the Crown Agents, the uniquely British agency dedicated to the procurement of goods and services for the developing world.
Once the butt of scandal for

its involvement in the secondary banking crisis of the 1970s, the Crown Agents has come a long way from its original role as the agency responsible for sending men, money and mate-rials from Britain to its colo-nies. Now it is in the forefront of ensuring that official aid donors obtain value for the

money they spend. In the past couple of years it has picked up two lucrative and high-profile contracts, spending Japanese official aid money in Africa and procuring goods for the Bolivian Government. Altogether its procurement division turns over some £220m a year, though its officials say it is involved, through work on World Bank projects, for example, in business worth a multiple of this. It also man-ages some £1.5bn in funds for foreign governments, and is actively involved in a range of other fields from shipping to

training prison officers.

The crisis years of the 1970s and early 1960s, which culminated in the Sultan of Brunei withdrawing his funds from Crown Agents' management, are long since forgotten, but now the Crown Agents faces new challenges in the battle to develop and expand its unique

range of services.

The world-wide movement away from tying aid to pro-curement of the donor's goods and services, together with other changes in the way in which aid is spent, the 1992 European single market pro-gramme and the opening up of eastern Europe all represent eastern Europe all represent opportunities on which it is looking to cash in. But it must

do so as a public corporation which is not allowed to deal with the private sector. And it must compete with the private sector for providing services even to the UK Government

which owns it. Crown Agents argue that gov-ernment ownership is a com-mercial asset. It lends impartiality and integrity that would not necessarily acrue to a pri-vate sector shareholder. Though the organisation is marked down for privatisation, its balance sheet is only £12.2m. A sale would yield lit-tle cash to the Exchequer and little political capital to the Government, but would use up precious legislative time in

The challenge is thus to retain a sense of purpose and

the Crown Agents because suc-cessful bidders at the auctions were responsible for spending the money themselves.

Crown Agents was able to offset this through its work for apan and Bolivia. The expectation is that more European Community aid will be untied in connection with the single market of 1992. This could mean more work for the Crown Agents as long as the money is spent as programme aid rather than balance of payments sup-port through foreign exchange anctions. The Commission itself is administering Eculo.5bn in aid over the next five years under its new Lome IV Convention with African, Caribbean and Pacific developing countries. The previous convention allocated only

Ecu7.4bn to the European

Part of its marketing pitch is that its public status will allow it to pass on discounts it receives from suppliers to its customers

dynamism by working to exploit new opportunities within the present framework. There is no doubt that the high There is no doubt that the high morale and dedication of its staff helps. Last year it was complimented by management consultants McKinsey & Co for its "extraordinarily high 'esprit de corps'." Its 850 employees clearly derive a great deal of satisfaction from the quality of service they are encouraged to provide.

The question is how this can be harnessed to cope with the challenges that lie ahead. The movement towards privatisa-tion in the developing world could limit the scope of procurement operations as it is not allowed to deal with pri-

not allowed to deal with private sector clients, though the Crown Agents hopes for a rule change on this point.

Similarly, it is subject to the vagaries of aid policy. Last year procurement business on behalf of the Overseas Development. Administration declined because of Britain's decision to units many of its aid parties. untie more of its aid, particu-larly to Nigeria where assis-tance was channelled through that country's foreign exchange auction scheme. This To help it win business in Europe, the Crown Agents has been one of the first organisations to establish a European Economic Interest Group, a new corporate vehicle, akin to a partnership, established by the Community last year to encourage cross-border collabo-ration in Europe. It is manag-ing the partnership which

groups procurement specialists in Spain, Italy, the Nether-lands, Denmark, Luxembourg

and France. Part of its marketing pitch is that its public status will allow it to pass on discounts it receives from suppliers to its customers. Another is the range of services it provides. Crown Agents will not only manage customers' money and make payments on their behalf. Though it is not allowed to undertake risk on its own account, by guarantee-ing letters of credit, for example, it does provide payment services and has decided to place itself under Bank of place itself under Bank of England supervision as if it were a bank. It also provides shipping services and technical co-operation. This currently includes helping Thailand to computerise its tax collection system with a possible view to

the introduction of value-added The idea is that the customer can tailor-make his own package of services and that the provision of one type of service can lead to another. For example, east Europe may eventually offer procurement possibilities, but the Crown

Agents is currently concentrat-

ing on training schemes for manpower development in Poland and Hungary Getting the quality right, according to Peter Berry, Crown Agents managing director, means sitting down with customers and finding out exactly what they want. It also means ensuring that when goods finally arrive at their destination, they are in working order. Shipping a consignment of £5m worth of drugs to Nigeria earlier this year involved not only ensuring that the goods were properly assembled and packed in cool containers. Greenshields Cowie, the Crown Agents ship-ping subsidiary, also had to help Nigerian hospitals modify their storage facilities to hold

the drugs on arrival. To a commercial eye, the net result is a hotch-potch of services with apparently little attention paid to which part of the business is actually gener-

ating the most profits.

However, it is a product range that the private sector would find hard to duplicate, and Berry and his team are confident of its marketability. The proof of the pudding is not only the Crown Agents' success with its Japanese procure-ment programme, but also that customers remain loyal in spite of the fact that the fees for individual services are not the lowest in the market. Mr Berry himself joined

Crown Agents from Chilling-ton, the former Anglo-Indonesian Corporation, in 1982 as its sian Corporation, in 1982 as its Director for Asia, becoming Managing Director in 1988. He started his career in Borneo with the trading company Harrisons & Crosfield, where he says he was "very much a trader in the Chinese bazaar." Someone who can survive in that sort of market can survive

The problem is that very few

arts graduates ever go into computing – just 10 per cent of the BCS sample came from

an arts background. "When you go to careers conventions the teachers always say these

are our science groups over here'," says Beech. "The per-ception of IT has got to

change."

One of the big advantages for employers of appointing women is that they change jobs less frequently than men. Of those responding to the sur-

TECHNOLOGY

Motorola takes the low road

MOTOROLA, the US electronics group, yesterday unveiled an ambitious \$2bn (£1.2bn) plan to provide worldwide mobile communications from 77 mini-satellites. The group said the system would be ready by 1996, provided a host of regulatory and financial burdles can be sur-

Motorola plans to provide much of the equipment for the system and to take an equity stake in its operation. But it said it would be looking to cre-ate a consortium, made up of the world's phone companies and satellite groups such as the International Maritime Satellite Organisation, to

finance most of the project.
The main technical feature of Motorola's plan is its deci-sion to use low orbit satellites. Whereas most telecommunications satellites are 22,000 miles from the earth's surface, giving them the appearance of being stationary because they orbit the earth at the same speed as the earth is turning on its axis, the US group is planning to launch its constellation of satellites at a height of 413 nautical miles.

The advantage of low orbit satellites is threefold. First, Motorola needs no permission to launch the satellites into the skies unlike geostationary satellites for which there is an internationally agreed regime. Second, because they are closer to the earth's surface, they can operate with less power. Motorola is holding out the prospect that people will be able to use handsets the size of current cellular phones. Third, by having 77 satel-lites, the system will be able to use the scarce radio spectrum more efficiently. Each satellite will project 37 cells with a diameter of approximately 360 nautical miles on to the earth's surface. The radio fre-quencies will be re-used in each of the almost 3,000 cells.

However, Motorola's Iridium system will not be as efficient in using the spectrum as land-based cellular mobile systems. These can support cells with a diameter as small as two miles, meaning they are better suited to densely populated

corporate research programmes. enture Research, is to be con verted into an international earch fund independent of

research fund independent of British Petroleum. Other cor-porate sponsors are being invited to join the programme; Sony, the Japanese electronics company, is first on the list. For the last 10 years, BP Venture Research has funded speculative "blue-sky" science in any field. The work need have no relation to BP's oil. have no relation to BP's oil, energy and chemical busi-

nesses — indeed no foreseeable industrial application at all.

Don Braben, head of Venture Research, says the programme concentrates on "the small proportion of scientists of outstanding ability who are credibly challenging conventional wisdom." Their ideas are too unorthodox to be funded by corporate R&D denartments or corporate R&D departments or by public agencies such as the Research Council and the US National Science Foundation.

The formation of Venture Research International was announced yesterday at the 10th anniversary Venture Research Conference in London. "For some years the belief has been growing that Venture Research will not realise its full potential until it is associated with a wider range of industrial expertise than can be provided by one company alone," said Braben.

BP will transfer the portfolio of research and intellectual property rights built up by its Venture Research unit to the international fund. BP will then become a corporate share-holder in the fund, along with "a small number of major cor-porations whose interests together span the entire industrial spectrum."

By the end of next year Braben hopes to have four or five shareholding companies which do not compete with each other to any substantial degree. There might be one major company from each of the energy, pharmaceutical, agricultural, electronics and

other manufacturing sectors. Venture Research is not expensive by the standards of corporate R&D. Braben's unit currently spends \$5m a year to support 26 individuals or small groups of scientists. He does not expect the total to grow to more than 40.

"The BP Venture Research Unit underspent its budget in every year of its 10-year his-tory," says Braben. "We've Hugo Dixon tory," says Braben. "We've never been strapped for money

ne of the world's Clive Cookson describes why BP Venture Research International supports speculative science

A reward worth the gamble

but we have been strapped for ideas." Only a few per cent of proposals received have been judged to offer a sufficiently novel view of the world to be

worth supporting.
The unit avoids time-consuming procedures such as "peer review" which are nor-mally part of the grant-giving process. Braben and his four professional colleagues in the unit make up their minds quickly whether to fund a pro-

Braben says, for example, that he took just 10 minutes to decide that two botanists, Mike Bennett and Pat Heslop-Harrison, should receive support to investigate the three-dimensional structure of the genetic material (cbromo-

somes) in cells.

Although thousands of scientists worldwide were unravelling the chemical sequence of DNA (genes) within chromosomes, almost no one had looked at the arrangement of chromosomes within the cell nucleus. The general impres-sion was that the chromosomes were distributed randomly

UNDER BP, Venture Research has covered a wide field, from advanced mathematics to biology. Although the projects are self-contained, some are linked by informal themes. One theme is "chemistry in

novel environments." Most reactions take place between chemicals dissolved in a molecular liquid (water or an organic solvent). Venture Researchers are investigating the effect of carrying out reac-

tions in different media. Ken Seddon at Sussex University is doing chemistry in an ionic solvent. He uses a novel range of room-tempera-

inside the nucleus "like spa ghetti in a saucepan," says Bennett, who recently moved to Kew Gardens as bead of the Jodrell Laboratory.
Bennett and Hesiop-Harrison

had observed that the arrangement of chromosomes in certain cereal hybrids was non-random. They wanted to pur-sue that discovery by looking at other plants and animals including humans. As botanists who wanted to work on human cells, they could not get a grant from a conventional search agency. But their £100,000 a year

Venture Research grant has enabled them to develop new techniques for investigating the structure of cell nuclei and start to apply them to human genes. Preliminary results show that there is indeed a non-random pattern in the dis-tribution of human chromo-somes, which may have impor-tant medical implications. Many scientists who receive Venture Research funding are

ture ionic liquids, semetimes known as motion salts. Seddon says these "super-solvents" will dissolve almost anything, apart from the glass vessels he uses to hold them. Yet at the same time they are remarkably gentle. "They have a remarkable stabilising effect and slow the chemistry right

outspoken in their admiration for Braben and his unit. "They are helping scientists to stress

Martyn Poliakoff at Nottingham University is working with a quite different type of solvent: supercritical fluids, which combine the properties of gases and liquids.
Poliakoff is experimenting

with chemical reactions in

down."



the unifying principles of science, at a time when it is becoming far too fragmented,

We were turned down by the Science and Engineering Research Council for our work on ionic liquids because it was on ionic inquiss because it was too 'speculative' – and that's a word of damnation in science today," says Ken Seddon of Sussex University. "Venture Research is doing what governments should be doing: funding speculative research."

In the long was exponential.

In the long run, sponsoring companies can expect a substantial — though highly unpredictable — commercial and industrial return from their investment in Venture their investment in Venture Research. The most valuable spin-off so far is a new type of medical diagnostic kit, the Amplified Enzyme Linked

supercritical xenon and carbon dioxide. One advantage of xenon as a solvent is that hydrogen or nitrogen gas dis-solves very readily in it. He has made unexpectedly stable metal complexes of hydrogen and nitrogen by carrying out reactions in supercritical enon at room temperature. But Seddon and Poliakoff

are still in the very early stages of doing chemistry in novel environments and, like many other Venture Researchers, they feel that the main industrial spin-offs from their work may not emerge for sev-

Immuno-Assay invented by Colin Self at Newcastle Univer-sity, which emerged from a stry, which emerged from a Venture Research project on enzyme control systems. It was commercialised by IQ Bio, a Cambridge biotechnology company which is part of Novo Nordisk, the Danish pharmaceutical group. "We believe its value now greatly exceeds all investment in Venture Research to date, which has been some \$20m," Braben says. Although BP chose not to develop Aelia itself, because it did not fit in with any of its businesses. We is exploiting

businesses, BP is exploiting some other Venture Research projects. For example BP Chemicals is closely involved in Oxford Chirality, a company set up by Steve Davies of Oxford University. His Venture Research project led to a small artificial enzyme which can selectively make "chiral" com-pounds — the left-handed or right-handed form of chemicals that can exist as mirror

In the five years since Davies started his Venture Research chiral or "asymmetric" synthesis has emerged as a hot field of chemical research, of great significance for the pharma-ceutical industry. This month the UK Government launched a £7m research programme for asymmetric synthesis, under the Link initiative, and Davies can expect to receive funding from it. But he will still depend on Venture Research to jump forward intellectually.

How to get ahead in IT arts degree the average salary rises to £21,000-£25,000 a year.

f you want to be succesful in the information technol-ogy business, do not have children and study arts rather than sciences. And it could

than sciences. And it could help if you are a man.
Those are some of the lessons filtering through from a survey into the role of women in today's IT industry. The survey was conducted by the UK's British Computer Society (BCS) and the Women in Tech-nology Foundation One of the aims of the sur-

vey, which comes at a time when employers are finding it difficult to recruit qualified IT staff, is to provide companies with information to help them

with information to help them attract more women.

The survey, sent to the 2,000 female members of the BCS, threw up three surprising statistics, says Carol Beech, head of member services there.

A high proportion — 45 percent — of the 750 female BCS members who returned the questionnaire had no children. Given their age range, between 25 and 45 years old, Beech believes the only conclusion to be drawn is that "these women are making a conscious deci-

are making a conscious deci-sion not to have a family." A sion not to have a family." A glance at the salary statistics shows one possible reason why: a career break is equivalent to reducing your salary by at least \$10,000 per year.

• Feople with arts rather than science degrees fared better in the science degrees fared better in the science degrees fared better in the salary stakes. The most likely salary for a science graduate employed in the computer

business - computer opera-tors, programmers, systems

analysts and managers - is £16,000-£20,000. If you have an

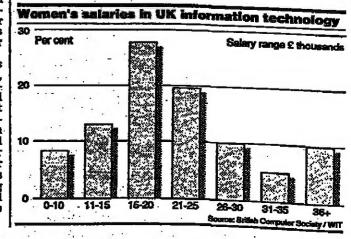
of those responding to the survey nearly 44 per cent said they planned to stay in their current job for at least nine years, a staggering statistic in an industry where staff move, on average, every two years.

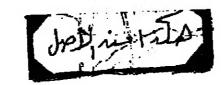
For women who do persevere there are rewards: many of the women in the RCS sample had women in the BCS sample had achieved high positions. The largest group of respondents, 35 per cent of them, were in management or project management or were lecturers. A further 30 per cent were analysts or programmers.

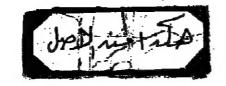
Most women who responded

Most women who responded to the survey favoured working in the private sector — 50 per cent were employed in private companies. Less than 10 per cent were self-employed. So what should the female arts graduate wanting to get into the computer husiness. into the computer business look for in a prospective employee? "A company, probably in the private sector, which offers training and career development," responds Beech.

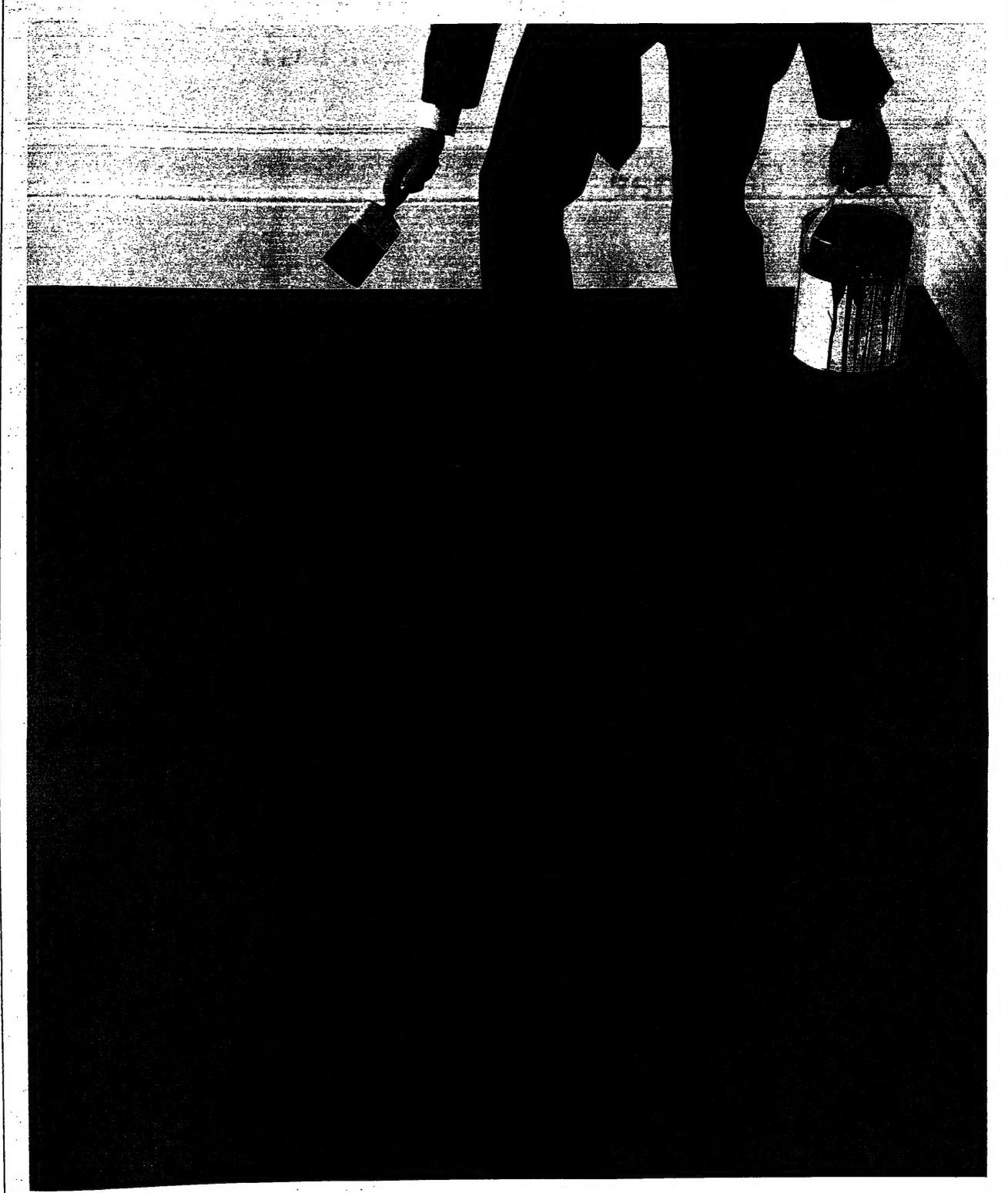
Della Bradshaw







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of evidence which, by defini-tion was not substantive. Its

effect was irrelevant to UK pro-

ceedings concerned with ascer-

tainment and application of

the law of the Union or Dubai. Third, DBL relied on the

same documents and others as

proof that implementation of Law 8/1984 was suspended.

that the compliance period was extended, and that the law was

not implemented in Dubai. It

relied on the Civil Evidence

In the English court Union

and Dubai law was a question of fact. There was not suffi-

cient evidence to show that the

maker of any of the documents

had the knowledge or experience required by section 4(1) of

the Civil Evidence Act 1972 to render his statement admissible on questions of Union or

Dubai law. The three preliminary points

on which DBL relied were

on the evidence there was no subsequent legislation to suspend the legal force of Law 8/1984, and no resolution was published to extend the compliance period beyond December 3I 1986. The court was not concerned with whether Dubai

had failed to promulgate laws which it should have done to

Accordingly, Law 8/1984 was in force in Dubai from January

1 1985 and the period for com-

pliance allowed to existing companies by article 325

expired on December 31 1986. The Law and article 325

applied to all decree companies

in existence on January 1 1985. The obligation on existing

decree companies was imposed by article 325. It was an obliga-

tion "to amend their positions

implement Law/1984.

Act 1968.

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FT LAW REPORTS

Dubai bank has capacity to sue

DUBAI BANK LTD V GALADARI AND OTHERS Chancery Division: Mr Justice Morritt: June 19 1990

THE PRINCIPLE of abstention from enquiry into the validity of sovereign acts does not preclude the court from inquiring into the validity of statements made by foreign government officials, unless the object of the action is to determine the constitutionality of their law; and accordingly, where the question is whether a foreign company exists so as to have capacity to sue, official certificates are not conclusive as to the meaning and effect of the foreign law, and the court will weigh the evidence of experts in the field.

MR JUSTICE MORRITT so held when declaring on a pre-liminary issue that the plain-tiff, Dubai Bank Ltd (DBL), had legal status and capacity to sue the defendants, Mr Abdul Rahim Galadari, Mr Abdul Latif Galadari and others, for recovery of sums allegally fraudulently converted to their own use.

HIS LORDSHIP said that until 1971 the emirate of Dubai was an independent shelkhdom.

By decree dated March 21
1970 DBL was established as a limited liability banking company subject to Dubai law. Of the 86,868 founder shares, 58,293 were subscribed by the

Galadari brothers. In 1971 the United Arab Emirates was formed as an independent sovereign federal state. It consisted of a number of emirates, including Dubal.
DBL's corporate existence and
capacity were unaffected by
creation of the Union, but it
could be affected by Union leg-

Law 8/1984 was enacted by the Union in 1984. Article 5 set out seven types of permitted company. Article 6 provided that a company which did not take one of those forms was Article 325 required compa-nies existing when the law

came into force to comply with its provisions within one year The Galadaris and other founder members of DBL sold their shares in April 1985, They ceased to have any responsibil ity for compliance under

On February 16 1985 the compliance period was extended by one year to

December 31 1986. In 1988 Law 13/1988 repealed article 325 and required companies existing when Law 8/ 1984 came into force to comply with the terms of the Law

within two years. On March 11 1989 Mr Hamdi Abdul Majid was designated the competent authority in Dubai for the purposes of Law 8/1984 as amended. On March 6 1990 be issued a certificate stating the "DBL is a validly existing and incorporated company in Dubai which has continued in existence from the date of its incorporation".

On March 13 1990 the Ministry of Economy and Trade issued a certificate stating that Law 8/1984 had been suspended from July 14 1984 until January 8 1989, and that under Law 13/ 1988, companies had a fresh two year period commencing January 8 1989 and expiring January 7 1990, in which to amend their position in accordance with the law". By writ dated March 14 1989

DBL sought to recover from the Galadaris substantial sums alleged to have been fraudu-lently converted to their own

The question was whether DBL had any legal status or capacity to commence and maintain the action.

The Galadaris claimed that

DBL ceased to exist on January 1 1987 on the ground that it had failed to comply with Law 3/1984 by the end of the compliance period, namely December They claimed that by the

time Law 13/1988 was enacted, DBL had ceased to exist, so that the extended period for compliance permitted by that Law was not available to it.

Bach side was limited to one expert witness. Both were qualified to give evidence on the aspects of foreign law involved. There was no justification for preferring the evidence of one on all aspects of the case. On each disputed issue their evidence would have to be weighed by the court in the ordinary way. expert witness. Both were qualordinary way.

DBL raised a number of

points preliminary to the ques-tion of the meaning and effect of Law 8/1984.

The first question was whether the certificates of the Minister and Mr Majid were conclusive. If they were, DBL must be treated as being in

In the case of the Minister's certificate, extension of the article 325 compliance period to January 8 1989 would mean that DBL existed on that date, and was entitled to the further period permitted by Law 13/ 1988. In the case of Mr Majid's certificate, non-implementation of Law 8/1984 would mean that articles 6 and 325 never applied to DBL so it could not have

become a nullity. DBL relied on Duke of Brun-swick (1848) I HLC 1 which was approved and applied by the House of Lords in Buttes Gas v Hammer [1982] AC 888. There the Lord Chancellor said "if it is a sovereign act, then whether it be according to law or not according to law, we cannot enquire into it".

The case was clear authority for the proposition that the court could not enquire into the validity of acts done in a sovereign capacity.

But it was not authority for the proposition that the court could not enquire into the legal could not enquire into the legal validity of an act done by a citizen purporting to act on behalf of the sovereign state. In A/S Tallina Laevauhisus (1947) 80 LL LR 99.114.115 the court held it had not been established that the plaintiff

company had ceased to exist under a new constitution. That case was clear support for the Galadaris. In A-G v Buck (1965) Ch 745,770 two members of the court recognised that the valid-ity of a foreign law might come into question incidentally.

Those two cases amply sup-ported the statement in Dicay and Morris 11th ed page 112 that "there may be circum-stances in which foreign legislation may be held by the English court to be unconsti-tutional under the foreign law. But the court will not entertain an action the object of which is to obtain a determi-nation of the constitutionality

of the foreign legislation".
Accordingly, the certificates
of the Minister and Mr Majid were not conclusive. The object of the action was not to obtain a determination on constitutionality. Their acts and state-ments could not affect the law the court must apply unless the constitution or some other law of the Union or Dubai provided they should. Second, DBL relied on the

Dubai Law of Svidence 1971, which provided for certain offi-cial documents to be conclusive as to their contents. Under article 6(1)(a) of that Law "official documents ... shall be given effect to, unless they are proved to be forged"

The article provided that the document was admissible without further proof, but it did not provide that it was conclusive evidence as to what was stated The Law was a general law

in accordance with the Law". There was no infringement of article 325, so no question arose as to whether DBL failed

to comply with Law 8/1984.

DBL did not cease to exist on
January 1 1987. Consequently
it was in existence when Law 13/1988 came into force on January 8 1989.

At the date of issue of the writ and at all times since, DBL had legal status and capacity to commence and maintain the proceedings.

For DBL: Peter Creswell QC, Charles Purle QC, Ian Geering and Caroline Lewis (Lovell White Durrunt)
For the Galadaris: John Griffiths QC, David Hunt QC, Nigel
Davis and Peter Clarke (Norion

Rachei Davies

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BAHAMAS

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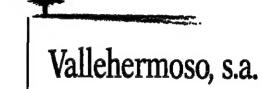
10 July 1990

For a full editorial synopsis and advertisement details, please contact:

Nigel Bicknell

on 071-873 3447 or write to him at: er One, Southwark Bridge London SE1 9HL.

FINANCIALTIMES



GENERAL SHAREHOLDERS' MEETING

The Board of Directors of Vallehermoso, S.A. has decided to call the General Meeting on Friday June 29 at 13.00 hours in the Hotel Princesa Plaza. Calle Princesa, 40. Madrid, where the following matters are on the agenda.

 Examine and approve the Annual Report. Balance Sheet and Company accounts for the year ending December 31, 1989.

 Examine and approve the management. exercised by the Board of Directors during 1989.

III — Profit distribution. IV — Re-elect members of the Board.

 Appoint directors. VI — Appoint auditors. VII - Minutes of the meeting.

The company's statutes stipulate that in order to be able to attend the general meeting shareholders must own shares with a nominal value of at least Ptas. 25.000 and have them deposited in a bank, which will be the one which issues the corresponding attendace card.

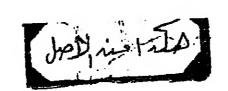
Shareholders can transfer their representation under the terms set out in regulations and in article II of the company's statutes.

From now onwards, shareholders can examine at the headquarters in calle Princesa 5 and at the offices at Paseo de la Castellana, 83-85, both in Madrid, the documents which are going to be submitted to the general meeting, as well as the auditor's report. Shareholders can also request the company to send these documents immediately and free of charge.

Given the quorum requiered by prevailing lesislation for the issues that must be discussed at the meeting, it is likely that it will be held on first call.

> Madrid, June 4, 1998 Secretary of the Board of Directors





Mad Forest |

CENTRAL SCHOOL/ EMBLSSY STUDIO, NWS

In March this year Caryl Churchill and Mark Wing-Davey, outgoing director of London's Central School of Speech and Drama, followed the world's press to Romania. What they came back back with may well, in its own way in years to come, seem as sig-nificant as the miles of documentary footage generated by the extraordinary events of the last few months.

From the confusion and turmoil of revolution, Churchill has shaped a play which has a turbulence and imperfection of its own, but which bristles with the intelligence and with the intelligence and insight of a major writer who, one feels, has been in training for just such a challenge.

The apparently disjointed scene structure of Icecream, the juggling with audience perspective used in Serious

perspective used in Serious Money, are brought blisteringly to bear on the paradoxes of what is emerging as an increasingly paradoxical revolution. In a first half of scenes signalled by phrase-book translations, we are intro-duced to two families on the eve of the uprising: the Antonescu family are artists, teachers and architects; the vladus, for the most part, artisans. They are bound by a failed love affair between son and daughter of the

Their personal histories, however, emerge only gradually from the cacophonous bustle of city life; of pro-Ceausescu lectures and anti-Ceausescu whispers in the interminable meat quenes; of fat envelopes handed over for officially non-existent abor-tions and the thin excuses of ordinary workers bullied into informing on their colleagues. When the revolution arrives

it does so through the reminis-cences of a stageful of citizens who recount, in deadpan tones, their own chronology of events according to where and how they were standing at the time: a glamorous girl student weeps for shame at being by her father; a house-painter tells of the siege on the televi-🔩 sion station; a flower seller regrets the marriage and pre-mature motherhood that forces her to keep her head

After the thrill of the fight come the questions in a third act that mingles real with surreal. A prosperous vampire, revolution, consorts with a revolution, consorts with a mangy dog. Gabriel Viadu lies crippled in his hospital bed, hero of an uprising which quickly loses its glamour in the cold light of the new day. Flavia Antonescu, a teacher, greets the loss of her job with despair at the new uncerdespair at the new uncer-tainty. Who do we know who can put in a good word for you? "We don't know who we know." she replies.

The jangle of conflicting perspectives reaches a crescendo in a magnificent final wedding scene, which breaks suddenly into fighting and, as suddenly, into dancing again, the muddle of simultaneous conversa-tions reflecting a muddle of

 $(\chi_{\mathcal{C}}^{-1}(X)) \leq \mathcal{E}(\mu)$

Wing-Davey's direction brings out a clarity and con-viction in his fine graduate east that, like the play itself, is at its best in this finale. Apart from the political appropriate-ness of watching students grappling with the piece (stu-dents have, after all, been in the revolutionary front line), one is prompted to wonder if the professional theatre, dained and bleached as it is, tonid ever have accommodated

Claire Armitstead

Care taken with foreign affairs

ou might think that answering the question "How goes foreign coverage on television?" was a pretty straightforward matter but, as soon as you try, one major difficulty. soon as you try, one major difficulty soon as you try, one major difficulty becomes apparent: what is foreign coverage? Sometimes it is obvious. If Martin Sixsmith turns up on Newsnight, standing on the bank of the Moskva, with the gilded onion domes of the Kremlin churches behind him, and talks about the problems of the economic revolution heing attempted in the USSER, that is being attempted in the USSR, that is foreign coverage. If Joan Bakewell interviews Brooklyn clergymen who interviews Brooklyn clergymen who are considering carrying guns to defend themselves against marauding crack addicts, that is foreign coverage, even if it does happen to be within a series (The Heart Of The Matter) devoted primarily to ethics. When BBC3's Under The Sun shows us teenage Palestinians in Jerusalem, looking for all the world like members of the IRA in balaclavas and sunglasses, that is foreign coverand sunglasses, that is foreign cover-

But how would you categorise 60 minutes on BBC2 on Societ Music?
Some would say it was an arts item, others might argue that a report on the arts in the USSR at this juncture had far wider implications. the arts in the USSR at this juncture had far wider implications. In the event this programme, the last of four, served mainly to prove that the pretentious twaddle talked in the West about the noise produced by people such as John Cage can be delivered just as lengthily and emptily in Russian. (Surely the eastern Europeans are not going to start of Europeans are not going to start off now, of all times, down the blind alley of modernism.) And what about last week's edition of Burning Embers? In this Channel 4 series Tony Benn - doubtless soon to be known simply as "Tone" - peers back into history, to a time before he was Anthony Wedgwood Benn, even before he was Viscount Stansgate, and discusses the relevance to us today of past events. Last week's

out counting the material on the satellite channels, there is an awful lot about foreign affairs on British television and, predictably enough, some of it is extremely good and some of it pretty awful. Judging by the output during the last few the output during the last few weeks, the general impression gained over the years still applies: personal and impressionistic reporting from foreign countries is much better suited to television, and consequently far more powerful, than analytical and impersonal reporting. Thus the BBCi series on Wednesdays, Frontiers, in which eight different people are reporting on the borders between various countries, is proving to be quite outstanding. The reason — apart from the impressive

proving to be quite outstanding. The reason — apart from the impressive pedigree of the production team, headed by George Carey and Jenny Barraclough — is that the presenters have clearly been chosen not just as journalists but because they care deeply about some particular area. The result has been programmes, so far anyway, which remind you of those documentaries which used to be made by people such as Malcohn Muggeridge and James Cameron.

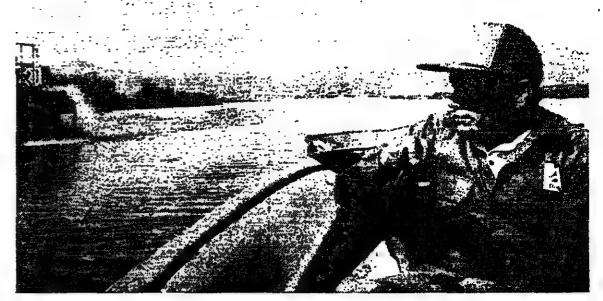
To have novellst Nadine Gordimer describe the circumstances existing

describe the circumstances existing describe the circumstances existing between South Africa and Mozambique is far more telling and more poignant than listening to even the most expert academic on the subject. Re-visiting Maputo, where she spent her honeymoon and took her children for summer holidays, she found an old acquaintance, a waiter, and talked to him both at his home and in the expensive hotel where he works, providing a wivid contrast. works, providing a vivid contrast. Christopher Hitchens, who showed us in Cyprus the sort of absurdities and crueities which sully so many frontiers was, overtly anyway, less personally involved, though the pro-

gramme was still an eye opener.
Last week's programme, in which
Richard Rodriguez dwelled upon the
significance of the border between
Mexico and California, achieved something close to poetry thanks to the expression of the painful ambiva-lence of the narrator's feelings about Mexico and America, Mexicans and Americans. True, the perpetual dying fall of Rodriguez' voice became wearing, but despite that it was a wonderfully evocative and moving, albeit mournful, pro-gramme. It left you with a much stronger sense of place than you could get from any number of statis-tics or any amount of political analy-

In comic contrast, last week's Burning Embers consisted of nothing but political analysis at least, I think so, but cannot be sure since my attention was so distracted. The producer apparently lacks all confi-dence in the ability of his pro-grammes' subject matter to hold the grammes' subject matter to hold the attention of the viewer, so he tricks them out with the most bizarre props and effects. In the first of the series he peered at Tone and the guests through more candle flames than Tony Palmer used in Wagner, and in the second he surrounded them with old machinery emitting harsts of steam. bursts of steam.

Last week he sat them on a circle of oil drums around an oil drum fire, outside the Reichstag, after dark. Again and again the camera shot across the flames the the dramatic. ally lit faces of the participants. What was Howard Brenton saying? Doesn't his burn look uncomfortable Doesn't his burn look uncomfortable on the rim of that oil drum! Is that on the rim of that oil drum! is that Jan Kavan of Czechoslovakia? Is someone feeding the fire when the camera is pointing elsewhere? Never mind that, what is Tone on about now? Just a minute, isn't that flame remarkably regular; could that be a circular gas hurner inside the drum? circular gas burner inside the drum? Petra Kelly the German Green seems



The Patzcuaro Lake, Micheacan, Mexico: scene from 'Frontiers, Night and Day'

that's a gas pipe leading away from the fire? Someone else is speaking, but all I can see is the edge of sev-eral flags and clouds of smoke — not from the gas flame, must be the director laying down smoke to prove he is there.

he is there.
From Face To Face in the 1950s to After Dark in the 1980s, it has be shown over and over again that the effectiveness of talk on television is in inverse proportion to the amount of "business" going on around the participants: the less the better. Provided you choose the right people, there is nothing more fascinating on television than the "talking head" and flags and candles speak only of producers who are not really inter-ested in the talking.

Of course that is not the same as

saying that all talk without flags or candles is good talk. Channel 4 has a unique weekend magazine pro-gramme of foreign material - The World This Week - which, though good, would be even better if they stopped trying to cover quite so many subjects and allowed the stu-

dio discussions to run closer to their natural length. The presenters are, by today's standards, unusually competent, especially Sheena McDonald who seems to have been chosen not because she is a woman or has a funny accent (she hasn't) but for her intelligence, pleasantness and wide knowledge of foreign affairs. However, she is repeatedly obliged to cut short discussions just as they become interesting in that peculiarly rude and mendacious manner so often used on television: "I'm very sorry, we must move on now..." The abruptness with which the programme "moved on" from the Japanese spokesman last week was embarrassing even to thick-kinned westerner.

It would be wrong to leave the impression that personal witness was the only effective form of foreign coverage on television.
Tonight's Dispatches on Channel 4,
made by John Fanshawe, is, in
terms of construction, an entirely conventional programme - film,

about Antarctica where, it seems, 25 countries keep "scientific" bases. It also happens to be an excellent piece also happens to be an excellent piets of work, conveying to the ignorant, such as me, a clear idea of the grubby political manoeuvering occurring in a particularly inaccessible (though large) part of the world. However, anybody who regularly spends 45 or 50 minutes, the length of many television programmes, reading the foreign material in this

of many television programmes, reading the foreign material in this newspaper, or in *Granta*, say, must be struck by the greater detail and subtlety which can still be conveyed in print. There was nothing wrong with Saturday's report about the Canadian constitutional crisis in *The Wind Chick Chapter* World This Week: with Parti Quebecois leader Jacques Parizeau on the satellite, and a Canadian lawyer in the studio, it conveyed quite a lot in a short time. But if you had to choose between that and Bernard Simon's report in this newspaper on Simon told you more.

Christopher Dunkley

BOOK REVIEW

The best brought out for Berlioz

Lovers of Berlios may sit back and porr with pleasure. Not long after the first instalment of David Cairns's masterly Berlioz – the Making of an Artist comes this authoritative critical hiography by D. Kern Holoman, professor of Music at the University of California. Another full-length study is promised from Hugh Macdonaid. Holoman reveals that the three experts, far from being jealous rivals, have worked together in "an invariably bracing intellectual camaraderie."

Something about Berlios, man and music, brings out the best in good writers. In this most readable, finely researched hook Holomer, who covers Register life.

book, Holoman, who covers Berlioz's life and work in one volume, holds a delicate balance between the various aspects involved – dramatic events in the life, the music, the shifting background of successive régimes in Paris and, not least, the travels. Italy, the German states, Tsarist Russia and Victorian London, for which Berlioz had an affection returned (with lapses) by press and public, are summoned up in turn.

The old, melodramatic view of Berlios

as a storm-tossed Romantic pursuing unattainable ideals, leading a life of struggle lit by flashes of inspiration, in a world full of malign indifference, gives way to something much more positive. Berlioz did indeed suffer, from positive. Berlioz did indeed suifer, from personal sorrow, from early privations in Paris and from a good deal of incomprehension and hostility. He slaved at his journalism. He had bitter disappointments to bear in the failures of Benvenuto Cellini in Paris and London, and in the propagativations which meant and in the procrastinations which meant

'Guillaume Tell' live on Radio 3

John Cox's new production of Rossint's last opera Guillaume Tell, which has its première on June 29 at Covent Garden, will be broadcast live on BBC Radio 3 from the Royal Opera House on July 7.

BERLIOZ by D Kern Holoman Faber & Faber £35, 687 pages

that he never saw a complete Trajans in Faris or anywhere else.

Yet he was not always neglected or hadly treated by the higwigs. He was devoted to his teacher, Lesueur. The morose Cheruhini developed respect for him. Spontini, whom Berlios greatly admired, befriended him. Liszt, a kindred spirit, was a close friend and ally until the shadow of Wagner came between them. And even Wagner had his moments of cordiality. The Paris production of Tunnhaiser in 1861 was one reason for the Emperor's failure to command Les Troyens at the Opéra. command Les Troyens at the Opéra. Unlike the German princes from whom Berlioz received support and appreciation, Napoleon III had no interest in serious music. There might be political advantage to be gained from sponsoring Wagner. This was not the case with Berlioz. Even the prejudiced Cosima liked L'Enfance du Christ, a talisman work that also won praise, right across the musical spectrum,

from Brahms.

Berlioz reached a position of great eminence in his lifetime not only as a creative artist but as a conductor (one of the first and most accomplished of this new breed), as a writer and as an able impresario for his own music — be had a impressrio for his own music — he had a remarkable flair for organising and conducting monster concerts of his own and other men's music. This "very honourable and honoured man" as a friendly director of the Opera described him, had a difficult home life with the once worshipped Harriet Smithson, whom he honourably married, after her fame as a Shakespearian actress had gone and before the brandy bottle had taken its place. He was not always successful in the early years with their understandily confused son, though later, after Louis had more or less settled down as an officer in

the merchant marine, they became good friends. The premature death of Louis, soon after the equally unexpected demise of the second wife, Marie Recio, was a bitter blow in Berlioz's declining

There remains an extraordinary discrepancy between contemporary esteem and celebrity of Berlios (celebrity on many levels and in many lands) and the subsequent neglect of his music, most giaringly in his own country. It remains scarcely credible that his greatest work, the Virgilian Les Troyers, would have had to wait until 1990 and the opening of the Opéra Bastille for a (nearly) complete performance in Paris — years after productions in Britain and elsewhere had proved the opera a viable if costly and difficult undertaking. Berlios had long ceased to be a subject of fashionable adulation or controversy. Since Parisian musical audiences are not very good at There remains an extraordinary musical audiences are not very good at listening, the quality of his music hardly

One of the virtues of this volume is the high quality of the design and printing (the original publishers were Harvard University Press, the designer Gwen Flankfeldt). The numerous illustrations, small but clear, are scattered among the letterpress near the relevant material, not squashed into a few pages of art paper somewhere in the middle. Poor-sighted readers may wish that the music examples readers may wish that the music examples had been slightly larger, but the book as a whole is a pleasure to handle. Apart from one or two cautions flicks in the direction of Gouned, Holoman's is commendably free from the Higher Snoot that sometimes overcomes writers on Berlioz when they are discussing his lesser contemporaries. Finally, Holoman's descriptive analyses of the small as well as large works provokes a sharp desire to hear more of them - the orchestral songs, for example, and the inexplicably neglected Funeral March for the last scene of Hamlet.

Nash Ensemble

ALMEIDA PESTIVAL

One of the greatest contributions to our musical life that the Almeida Festival has made in its ten years of existence has been the regular displays of Soviet composers of the post-Shostakovich era. Most of them were little-known names to begin with; by now, and largely because of Almeida persistence, they are well-known. Monday's Nash Ensemble recital was the single such event of the 1990 exheatly and other themes are schedule — other themes are being more widely explored this year — yet it was good to know that such a rewarding policy is not being abandoned

altogether. Whether the new Russian works given on this occasion made for rewarding new encounters was, however, another matter entirely. Concert programmes of this kind muscle or tension in Firsova's

are always luck-of-the-draw affairs, of course; it was unfor-tunate that Edison Denisov's brand-new piece could not be finished in time (the Nash substituted his Sextet in its place), and it was more unfortunate still that the UK first perfor-mances of Elena Firsova's Music for 12 (1986) and Sofia Gubaydulina's Zwei Lieder (no date given) should present those two estimable figures in so dim a light.

The former (conducted by Lional Friend) proved to be a austained tempo moderato mus-ing on Romantic and late-Romantic musical motifs (among them the famous "turn" cadence from the Meistersinger Quintet), which eventually disintegrates via moments of

explorations, just misty-eyed

The latter, for mezzo, harpsi-chord, cello, and flute, takes two German folksong texts (not supplied in the Almeida programme booklet) and treats them with un-German intensity. The first setting is a dark-spirited, vocally wide-ranging meditation, the second broad farce; in spite of Flona Kimm's impassioned, dramatic delivery (in rather mushy German), nelanything like the assurance of idiom and purpose that marks Gubaydulina's best music. Works by Arvo Pārt (the long-winded 1977 Fratres in its cello-and-piano version), and Shortskruich (the Alexander Shostakovich (the Alexander sones) c

Max Loppert

Warren Vaché

in a high register — an under-stated talent which brought

Some people like to sat to the beat and this Soho basement is as good a place as any. The programming is consistent and so is the tuck. Less boisterous than Ronnie Scott's in Frith Street, just around the corner, it is not trendy enough for the hep cats nor expensive enough for the expense account rowdies. The cool cornet phrasings of Warren Vaché are well suited to this sort of ambience and knife and fork accompani-ment. Vaché likes instruments "to sound at their natural level" and plays with great control but without detach-Ronald Crichton ment. He is particularly impressive at very low volume

accident left him with severed tendons in the playing hand. Commencing his latest UK tour in this London pizza res-June 22-28

concert hall and particularly here, where he made his UK debut some years ago along-side tenorist Scott Hamilton.

Part of a jazz family back home in New Jersey, his father Warren Vaché Sur is a bassist, bandleader and jazz historian while brother Alan is an established swing clarinettist with Jim Cullum's Jazz Band. Thirty-nine year old Vaché Jnr is a regular visitor to Europe for the festival season and veterans of Edinburgh and Brecon in 1984 will remember him sol-diering on left-handed after an

him to mainstream prominence

in the 1970s.

taurant with pianist Colin Pur-brook's trio, the American cor-nettist had the mike turned down to a suitably "natural" level and breathed out standards in the style which once so impressed Benny Goodman. "I like standards and I like to swing." he says. But then Vache is at ease outside the

More light and crispy than deep pan, Vache's treatment of Parker, Monk and Porter is nevertheless very persuasive. You can take a lot of it - three sets worth - without feeling stuffed with notes. It is also a versatile style, building from gruff eructations to lazy trad-tinged blowing on Bernie Pri-vin's "I think of quitting when

on drums, Paul Morgan on double bass provide unobtru-sive rhythm, the latter often letting go into solo excursions. Vache's itinerary for the UK takes him to the provinces over the coming weeks including Grimsby's South Bank Festival (July 8) and the Neath Jazz Festival (July 9). His latest album. Warm Evenings, is available on Concorde.

I work with you", for example. Sidemen Ron Heatherington

Garry Booth

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FINANCIAL TIMES

ARTS GUIDE

THEATRE

Anything Goes (Prince Edward).
Cole Porter's silly ocean-going
1930s musical has four or five
mervellous access and Elaine
Paige failing to emulate Ethel
Merman. Jerry Zak's desperately
bright production comes from bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Tom Conti is the alcoholic journalist who embodies a Faistaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Ber-nard's own writing. Ned Sherrin

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garoperent cerver into law car-nett's 1955 novella. Musically interesting and well directed by Trevor Num, a cast of unknowns project the right sense of sybaritic insouchance. A proba-ble, but unspectacular, hit (839

Shadowlands (Queen's). Four-tis-sue weepie about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes both Nigel Haw-thorne and Jane Lapotaire into thorne and Sale Laporaire into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb (734 1166/439

3549). The Wild Duck (Phoenix). Peter

Hall's revival of Ibsen's tragi-comedy champions the great Norwegian's humorous potential. Alex Jennings, David Threlfall and Nichola McAuliffe head the Alex Jennings, David Threlfull and Nichola McAuliffe head the cast (071 340 3861).

Absurd Person Singular (Whitehall). Robust revival of early Ayckbourn comedy, directed by the master himself, about three countes at Christmas in three kitchens over three years. Moira Bedmond, Richard Kane and Lavnis Bedman on firms Ayckbourn's early hleakness (071 867 1119). Heary IV (Wyndham's). Pirandello's cai's cradle of fantasy and reality, identity and time in a production by Val May the sobriety of which belies its pre-production nillans. Sarah Miles left the cast, but Richard Harris stayed to give a star performance as the nobleman who thinks he is an 11th century king (071 867 1116). man who thinks he is an 11th century king (071 867 1116). Vanilla (Lyric). Heavy-handed saire on New York super-rich and US-backed overseas dictatorships, directed by Harold Pinter, with a cast including Stan

with a case incoming stain
Phillips, Joanna Lumley and
Gwen Humble, who do New York
writer Jane Stanton Bitchcock
prouder than she strictly
deserves (071 437 3885) erves (071 437 3586)

New York

Cut on a Hot The Boof (Engens O'Neill). Kathleen Turner, who sintuesque good looks embody Tennessee Williams' vibrant character Maggle, is surrounded by an excellent supporting cast in Howard Davies' production. Grapes of Wrath (Cort). The has taken a long time to reach

New York from Chicago; the wait was worth it, with the 1930s brought alive in its squalor as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's

adaptation.
Heidi Chronicles (Plymouth).
Wendy Wessertain's award-winming drama covering 20 years
in the life of a nuccessful American baby boomer goes from surpost for Rugene McCarthy's presidential aspirations to electoral
ambitions in the 1990s, (239 6200).

Caract (St. Javase) This 20th punct. Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Type in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Bose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (346 0162). Grand Hotel (Martin Beck). Tommy Tine, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat ing in an elegant, but somewhat random setting (246 0102). Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber

of Piret Street (230 6200). Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three bours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Trum, West Side Story and Gypsy. The lustre of the credits is dimmed by the bravity of each

piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the beyday of the musical. Washington

Startight Express. Andrew Lloyd Webber's roller-skating musical slides into Washington on its national tour. Ends July 14. Kennedy Center Opera House (467 6700). Steel Magnoliss (Royal George Ann Francis and Marcia Rodd

play the leads in this view of southern life from under the dry-ers in a busy hairdressing estab-

Tokyo Kabuki. The Ham matinee consists of a short, relatively modern play and three dance pieces. Among the artists appearing is the famous onnegata (spec-ist in female roles), Tamasab At 4.30pm Kagamiyama Kokyo no Nishikie (The Women's Revenge), a late 18th century drama based on a real-life court scandal. Earphone guide in English and English-language English and Engush-language programme, Ends June 27. Kabu-ki-za (541 3131).

South Pacific. Emile Belcourt and Gemma Craven lead the cast from the recruit London revival of the Rodgers and Hammerstein musical. Kosainankin Hall (587

The Alchemist, by Ben Jonson, performed by the Compass Thea-tre Company, a young British touring company (Wed), and The Merchant of Venice (Thurs).

Tokyo Globe (360 1151).

SALEROOM

Rarity on the art market is always said to be a bad thing. At Christie's Impressionists and Moderns sale on Monday evening an early Picasso rare for its jole de vivre, and one of only a handful of scenes of modern life painted in strong, almost Fauve colour astonished the rooms by fetching £13.75m, well over double the estimate. This exuberant depiction of children sailing boats in the Tuileries was painted soon after the artist arrived in Paris in 1901.

Dealer Robert Holden chose to place the picture in London, despite the fact that it belonged to an American. What was the star lot in London would have been some way down the heap in New York in May. The tactics appear to have paid off. After fierce Japanese bidding in the room, the picture was finally secured over the phone by secured over the phone by a European collector.

The sale realised three records and £43m, £10m more than last summer's record total. The downside is that less than half the lots sold, some 69 per cent of the sale in value.

Bidding appears to have become more discriminate, though there were less easilyexplicable failures.

Another Picasso, a strong gouache of Le Saltimbanque of 1904-5, was bought in at £2.4m. Bidding on a large Signac painted at Herblay stopped at £1.5m, though later and arguably less good works sold, A strong Vlaminck still-life also failed at £2.3m.

One great success was Ben Nicholson's unusually large "Boutique Fantastique," 1956, and one of a series of "post-cubist" still-lifes. It was bought by an English collector for record for the artist stood at £400,000. Two fresh Pissarros sold on target for high prices. Records were set by Max Liebermann's "Altmannerhaus" (£484,000), and Utrillo's "Le

Lapin Agile" (£660,000). English, German and Swedish bidding was up on the spring sale, Japanese acquisi-tions doubled to 37.5 per cent, but there were no American buyers.

Susan Moore

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Wednesday June 27 1990

Scrutiny of nuclear power

AN UNCRITICAL defence of nuclear power was delivered yesterday by Mr John Wake-ham, UK Energy Secretary. The message was that this Government, if it remains in power, is highly likely to back a new nuclear power station programme in the second half of the 1990s.

Mr Wakeham's continuing commitment to nuclear power was more significant than the other strand of his speech: his re-affirmation of the Government's support for the new power station at Sizewell in Suffolk, the only nuclear plant now being built in Britain. Cancelling Sizewell one third into its construction was not a decision which this Government was likely to contem-

The Energy Secretary argued that nuclear power is environmentally benign, because it offers one of the best options for reducing the emission of greenhouse gases caused by the burning of fossil fuels. The worry about this approach is not that it lacks merit, but that Mr Wakeham is in danger of pre-empting the Government's own review of nuclear power, which it has promised for 1994. The Energy Secretary argued which it has promised for 1994.

The sad history of nuclear power in the UK, including the lasco over privatisation when the nuclear stations were belatedly removed from the sale, shows how dangerous it is to entrust decisions on this subject to government departments and industrial organisa-tions with a vested interest in

Outside scrutiny

The pre-privatisation examination of nuclear power revealed one fact. Estimates for the price of nuclear electric-ity emanating down the years from within the industry, and endorsed by the Department of Energy, were far too optimis-tic, indeed, the price projec-tions initially used to justify Sizewell before a public inquiry had to be almost doubled when subjected to scrutiny from outside the Energy

Britain's over-centralised and secretive system of public administration meant that only the Energy Department could fully scrutinise the information provided by the nuclear indus-

The Commons Select Committee on Energy is due to pub-lish a report today on nuclear power, which is already known to be critical of the Government's monitoring role. It will be surprising if the report does not call for a much more open system of information disclo-

No justification

That would be welcome. But some of the Government's suggest that it will go unheeded in Whitehall Earlier this year, for example, Mr Wakeham announced a levy on electricity bills of 10.6 per cent, almost all of which will go to subsidise nuclear power. No attempt has been made by the Energy Department to justify the size of this levy, which amounts to a drain on the pockets of electricity consum-

ers of almost fibn a year. A further example was contained in the note sent yester-day by Mr Wakeham to the the Select Committee on the costs of Sizewell. This compared the cost of spending the £990m which is still outstanding on Sizewell with that of building a new gas-fired station from scratch, concluding that aban-donment of Sizewell would

save little money.

The note had all the signs of having been written, first, to justify a decision already taken to continue with Sizewell and, second, to head off the Select Committee's report. It failed, for instance, to compare the economic case for continuing with Sizewell with alternative investments, such as in energy conservation.

The danger in Mr Wake-ham's new justification of nuclear power — that it will help to solve the greenhouse effect — is that it will result in a similarly inadequate analysis at the time of the promised review occurs in 1994. The issue is not whether nuclear power can help curtail emissions of greenhouse gases, but whether it can do so more economically than alternatives. The environmental case for ar power needs to be subjected to just as much critical scrutiny, from outside the industry, as the economic case.

Softer tones in Dublin

THE European Community's summit was notable in at least one respect: it was one of the least contentious for a long time. That was not because all the member states were agreed on the complicated issues on the agenda. Although Mrs Thatcher did not attempt to block the two separate intergovernmental conferences on European monetary and politi-cal union, to be held in Rome in December, it is improbable that she underwent a late conversion on the road to Dublin. On fundamentals, the Prime Minister stuck to her guns. Nothing that smacked of feder-

alism or undermined national "identities." cither in the proposals for monetary or political union, was acceptable to her. The single currency foreseen in the Delors proposals for monetary union remains taboo. What has changed, however, is Prime Minister to express her strong views, which has become noticeably less harsh.

The softer tone and repeated commitment to full participa-tion in the European Monetary System appear to have made a favourable impression on Britain's partners. The mone-tury proposals made by Mr John Major, the Chancellor, last week for a "hard Ecu" and a European Monetary Fund. instead of the single currency and European Central Bank of the Delors Plan, were at least given a polite hearing. Though it is already clear that they have come too late and will not divert either France or West Germany from going ahead with their more ambitious scheme, the message that the UK from now on plans to be constructive, rather than obstructive, was not lost.

Britain's influence

Mrs Thatcher's new Eurolook, if maintained, should increase Britain's influence within the Community. Some of the other decisions taken at the Dublin summit certainly reflect the pragmatism so dear to British hearts. The document that will serve as the basis for the discussions at one of the inter-governmental conferences in Rome on political reforms to be written into the EC treaties contains something for everyone and does not involve any prior commitment to a federal system.

On the contrary, it emphasises that the EC must respect member countries' national identities by the application of the so-called "subsidiarity" principle, under which the EC institutions do not act on matters which are best done at national level. If it talks about strengthening the European Parliament's powers to amend legislation, it also specifies that national parliaments must be more closely involved in exercising democratic control over the EC.

Strong pressure Mrs Thatcher had little to

complain about in the decisions taken on aid to the Soviet Union, which largely reflected her own views. In spite of strong pressure by Mr Helmut Kohl, the West German Chan-cellor, and President François Mitterrand of François Mitterrand of France, in favour of an immediate Community financial aid package to help the Soviet Union overcome its economic difficulties, common sense finally won the day. Though everyone agreed

that Mr Gorbachev's survival is in the interests of the west, the British view that financial aid would be completely wasted if it was not preceded, or at least accompanied, by fundamental structural reforms was clearly justified by experience. Indeed, it is probable that, failing such reforms, retestroika would only be five. perestroika would only be fur-ther delayed if the economy was cushioned by large injec-tions of money from abroad. The solution found, to send a positive political signal to Moscow while asking the Euro-pean Commission to prepare specific proposals for aid tied to structural reforms, was a political compromise, but it also made good economic sense.

Altogether, the Twelve showed a laudable realism and lack of ideological prejudice in the way they handled most of the issues on the agenda, with the exception of South African sanctions where they have not moved fast enough. The fundamental battle between federalists and advocates of an inter-governmental Community has, it is true, been put off once again. Yet it may be that the clash will be less flerce than originally feared when it finally takes place.

o one will have been more disappointed by Brazil's defeat in the World Cup sunday than the country's flamboy-ant 40-year-old President, Mr Fer-nando Collor de Mello. Had the national team won, it would have been a welcome distraction from the mounting problems facing Mr Collor as he perseveres in what he calls his 'mission to save Brazil".

Public support for the President is ebbing fast. Polls show his popularity has almost balved in the past month to 36 per cent. After a turbulent first 100 days, he is sticking to the radical economic stabilisation plan he introduced upon taking office in March, aimed in the first instance at defeat-ing hyperinflation, which had reached 3 per cent a day in the twilight of the discredited Sarney administration.
But monthly inflation is now back into double figures, industrial production is forecast to fall by 10 per cent this year, unemployment is rising, and strikes are hitting public and private enterprise.

On a day-to-day basis the 40-year-old President seems to be fighting a battle against insuperable odds. These difficulties tend to obscure his broader longer-term objectives, which go well beyond his stated aim of ending inflation.

Nevertheless, the administration faces crucial decisions over the next two weeks, particularly on wage increases and drastic cuts in the public sector payroli. If President Collor fails to fulfil his pledge to cut back the number of state employees and hold down wages, this could spell an end to the plan. His main strength is that no one wants to be held responsible for towndring the stability. ble for torpedoing the stabilisation programme - particularly when there is no obvious alternative.

The Collor Plan is centred on fiscal and administrative reform, a tight monetary policy, the privatisation of public companies, the opening of trade barriers and the renegotiation of foreign debt — at \$112hn the developing world's largest.

At the outset, he used to his advantage public surprise at the drastic

rate outset, he used to his sivan-tage public surprise at the drastic nature of the programme. He also benefited from the nation's sheer relief at having an "action president" — whose idea of an official engage-ment is driving a tank or slicing bends on a powerful motorcycle at 150km an hour — after the complete. 160km an hour - after the somnolent Mr Sarney. Yet the size of the task Mr Collor has set himself can hardly be overstated. His aim is radically to restructure what is the world's eighth-largest economy and also one of its most centralised and protected. The Collor administration's intention to create a free and open economy is as radical to the Brazilians as last year's revolutions were to the eastern Europeans. Not surprisingly be faces serious opposition from the pork-bar-rel politicians, the bureaucrats and the business cartels who benefited

from the old system. Furthermore, the implementation of the plan has run into serious legal and constitutional difficulties.

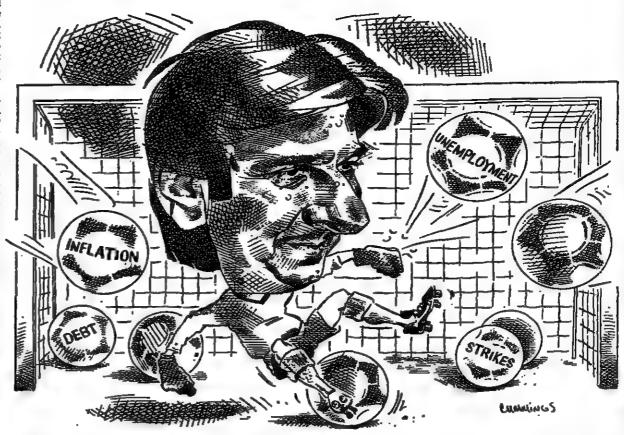
and constitutional difficulties.

The fourth attempt to stabilise Brazil's economy in as many years, the Colior plan was initially regarded with scepticism by the usually optimistic Brazilians. Its forerunners, perticularly the ill-fated Cruzado Pian of 1986, had also attempted wage and price freezes. But they failed to cut public spending, and low interest rates meant people simply cashed in

cases meant people simply tashed in savings and spent.

Collor was smarter than his predecessors. Realising that hyperinflation had created intense economic awareness — with private business, for instance, able to anticipate government and find immediate ways round reforms. reforms — Collor opted for draconian measures. The day after taking office he confiscated (for a period of 18 months) 80 per cent of the country's savings, amounting to \$115bn. This Christina Lamb on the mounting problems facing President Collor in his effort to restructure Brazil's economy

A far from level playing field



startling move has allowed the gov-ernment to defer paying its internal debt, and was designed to choke off liquidity to an extent which in theory made it nearly impossible to circum-

But he had fulled to take account of the fact that the caretakers of the blocked cruzados were the private financial system, which had learnt to make money from investing under high inflation so well that its share of GDP has risen from 6 to 15 per cent in the past 20 years. Last year, for instance, the car industry earned 30 per cent of its profits from financial speculation, according to Mr Mathias Molina, editor of Gazeta Mercantil, the country's leading financial daily. The private sector, which acquired an almost vested interest in inflation, immediately started looking for the jetinho, or way round, to convert blocked cruzados into new cruzatru. Exemptions for retired people, medical expenses and charities, quickly led to the creation of fictitious elderly aunts and spurious operations. Frozen funds, moreover, could be used to pay hills and tarus dating from before the introduction of the plan on March 16, so that the most common dodge was But he had fulled to take account of

introduction of the plan on March 16, so that the most common dodge was to overpay, getting the excess back in cruzeiros, minus a commission.

Mr Fernando Gentil, head of NMB Bank, says that he "must have received 51bn worth of proposals to set up companies with backdated contracts. It would have given a stronger message if they had only blocked 50 per cent [of savings] but stuck to it."

Three months on, most companies have managed to free their money,

while most of the estimated \$50bm still blocked is in individuals' savings

secounts — those who voted most enthusiastically for Mr Collor. Mr Collor's second line of attack was a wage and price freeze comented by the de-indexation of wages from by the de-indexation of wages from inflation. But workers are now demanding 166 per cent rises to compensate for inflation since February. This is for one-off adjustments in public utility tariffs made shortly before Mr Collor took office; for a level of 84 per cent inflation in March not compensated for before the wage-price

If President Collor fails to fulfil his pledge to cut back the number of state employees and hold down wages, this could spell an end to his strategy

freeze; and because the freeze itself has proved ineffective in restraining retailers and producers.

His economic team maintains that a return to indenation would lead inexorably to hyperinflation. But their proposal to introduce free collective bargaining was dealt a blow at the end of May when Congress, which had up to then allowed President Collor an easy ride in spite of the minimal representation of his National Reconstruction Party, rejected his bill.

His subsequent decree to give government power to overrule awards by labour courts was declared unconsti-

tutional by the Supreme Court. Several regional labour courts have already awarded 166 per cent increases. Talks between government and unions have broken down, and the government will propose new wage legislation this week. Equally important to the plan's suc-

cess will be a forthcoming judgment by the Supreme Court which will rule by the Supreme Court which will rule whether the government's attempts to fire civil servants infringes the constitution. The government reneged on its pledge to fire 360,000 by Jume 18 and has so far announced only 34,000 job losses, and most of those affected have not been dismissed but sent home on reduced pay. The losers are generally the poorest paid rather than the so-called "maharajahs" of the public sector whom Mr Collor made the main target of his election campaign. The courts may rule that he cannot even do this — as the constitution says wages cannot be reduced except by 'collective bergaining. If so then they are also likely to rule in favour of re-indexing wages as workers can of re-indexing wages as workers can claim that thay have had salaries cut

per cent budget deficit into a 2 per cent surplus through administrative reform and the privatisation of state companies. Although no figures have been released for the current state of the fiscal deficit, causing the IMF to delay its visit sovernment officials. delay its visit, government officials admit it could still be as high as 5.5 per cent. Plans to sell off one state company a month from June have been held up by the courts.

Against such reverses, President

Collor can claim some achievements. He has begun to make the tax system both more efficient and more equitable. In the all-important terms of what is visible to the public, he has sold off

is visible to the public, he has sold off cars and mansions belonging to the state. The monthly rate of inflation has been brought down to 10 per cent. Perhaps most significant, he has transformed Brazilian political dehate. "Whether Collor's Plan succeeds or fails is in many ways irrelevent" says Mr Amaury de Souza a vant," says Mr Amaury de Souza, a sociologist and business consultant. "What is important is that he has changed the whole agenda of public

But his achievements are being undermined by poor management, and by his tendency to set unrealistic and by his tendency to set unreadistic targets and then back away from them. With congressional elections due in October, President Collor's principal strategy is to keep inflation down at 10 per cent. his advisers say. He seems ready to do this even at the expense of more unemployment because he sees controlling inflation as a better vote winner. According to one of his economic advisers: "Col-lor's line is that he may lose as many as 10m votes through high unemploy-ment, but that will leave another 60m voters who will vote for him because of low inflation."

It is not clear this is true. More than half the population is under 25 and has always lived with high infla-tion. Mr Fred Gibbs, head of Lloyds Bank in São Paulo, says: "People were like mice in a wheel with everything else going round too." Ms Zelia Cardoso, the Economy Minister, agrees. "Our biggest challenge is to end the inflationary mentality."

Congressional elections due on October 3 also mean that President Collor is unlikely to give his full attention to Brazil's foreign creditors for several months. So far, the administration has been making promises of debt negotiation while in practice not paying. This has enabled reserves to be kept at healthy levels and provided vital backing for the stabilisation

As for opening up the economy to outside competition, President Col-lor's plan has run into considerable hostility from Brazilian companies who fear going out of business or the costs of becoming more efficient and competitive. Until now many industries and multinationals have had virtues and multinationals had been supplied to the costs of becoming more efficient and competitive. tual monopolies and immediately turn to the state whenever threatened. Computers, for example, cost three times what they would if they could be imported from the US. Mr Collor has endeavoured to change this by abolishing the list of banned imports, and replacing it with tailfs. For case and replacing it with tariffs. For cars, as one instance, tariffs were 85 per

Yesterday, however, he announced that these tariffs would be reduced gradually, so that by 1994 the weighted average would fall from 35 per cent to 20 per cent, with maximum tariffs falling from 105 per cent to 40 per cent. This is far less sweeping than business had feared.

While most businessmen new line While most businessmen pay lip

While most businessmen pay lip service to the plan, the liberalism they would like is for someone else's industry. As Mr Luis Eulalis, President of Cobrasma, an engineering company which is running at only 60 per cent of capacity and has laid off 800 people, puts it: "I'm in a difficult dilemma. What is good for the country is not good for me." try is not good for me."

Collor's strong, authoritarian style. The irony is lost on few that his free-marketeers are the most interventionmarketeers are the most intervention-ist government the country has ever had, passing 39 interim measures (in force for 30 days until voted on by Congress) and 167 presidential decrees in three months. To retain the sup-port of what he calls the "shirtless and shoeless", Mr Collor needs to start building his authority on con-sensus rather than audaciousness.

6

iliya Mara

Spreading his wings

Barry Myers joined Trafalgar House, or rather a company shortly to become part of Trafalgar House, at the age of 17 and has been there ever since. Yesterday he was named as a main board director at the age of 45. He will also become managing director of Trafalgar House Construction Holdings as part of a reorganisation of the group's construc-tion and engineering operations.
Myers was an "indentured

student". That means that the company looked after his training, including sending him to college. He became a quantity surveyor and rose quickly through the ranks. Then in 1973 – there was a national building strike going on at the time – he says that he decided that there were better things in life than detecting other people's errors, so he moved to production management.

It was from there that he moved to international projects. For a time he was managing director of the Trafalgar House subsidiary, Cementation International. He led the project that built the Sultan Qabors University Court oos University in Oman and generally learned about the third world, rich and poor: Ghana as well as Saudi Arabia. When we first tried to get

in touch with Myers yesterday, he was on the telephone to Djkarta. He called back and said that what he really likes doing is "putting construction companies under my wing, bringing them into a divisional structure, providing some form of togetherness". The strength of Trafalgar

House, he claims, is its "spread". "We can do practi-cally everything from digging the hole in the ground to manufacturing the joinery." Myers wants even more spread, but is not expecting any more early acquisitions. Television bores him, he

says: he did not seem interested in watching last night's **OBSERVER**

World Cup game between England and Belgium. He has given up squash because "he has seen too many of his friends die young". But he does confess to one hobby: breeding

comess to one notor; are ening pedigree Herefords.

Three years ago he hought a 70 acre farm in Surrey.

"Actually my wife runs it," he says. "All I do is go and talk to the animals." But it seems to work.

Incidentally, I see from the

incidentally, I see from the rest of the changes announced at Trafalgar House yesterday that the man responsible for offshore operations is called Syd Fudge.

Green Gas

British Gas is cashing in on the Green movement. Its 2.48m shareholders were yesterday sent a set of documents printed on paper produced from trees grown in a sustainable manner, a new tree is planted for each tree share chemical days. each tree chopped down. Its polythene packaging was printed using non-toxic ink and can be recycled. Even the proxy voting was printed on recycled material.

The company also set new standards in information dis-closure by telling its sharehold ers that the report had con-sumed 4,300 miles of paper, enough to stretch from London to Nairobi; 87 miles of stitching wire, the distance between London and Dover, and 10,645 kg of printing ink, the weight

of two Asian elephants.

Just the sort of information that small shareholders need. information to analysts went on floppy discs: also claimed as a first.

Gold fillers

■ is eating gold good or bad for the gold market? The topic took up some time at yester-day's Financial Times World



after Junnosuke Inoue, general manager of Mitsul & Co's pre-cious metal division, said that gold-coated chocolate is now

gold-coated chocolate is now available in Japan.

One delegate pointed out that a Tokyo restaurant was offering a meal, called the Gold Plate, in which each course contained gold. He told some jokes about carrots.

Then he put the question which split opinion among the experts down the middle. "Is eating gold an encouraging form of new demand for physical split as a split or particular the second split of the second s cal gold or an alarming new source of gold acrap?"

Top jobber

■ Brian Peoplatt, joint chairman of Warburg Securities, retires today at the age of 56. There is no word of what he plans to do next, except per-haps to devote more time to national hunt racing.
Educated at Winchester after
the war, Pepplatt made his

name at Akroyd & Smithers, which he joined 35 years ago. It is hard to recall in the post Big Bang period, but individuals like him used to be spoken of with adulation. Peppiatt was

described as the "best jobber of his era" with an uncanny ability to read and anticipate

markets.

He became deputy chairman
of Akroyd & Smithers in 1976
and is estimated to have made
millions for the firm during the time of the great funding crisis, sometimes remembered as the Battle of Watling Street. At Big Bang Akroyd & Smithers was acquired by Warburg Securities. Peppiatt moved back from the front line of market-making to devote more time to administration. He was joint chairman with Peter Wilmot-Sitwell, and War-burg Securities has more than

wilmot-Sitwell will now be the sole chairman; Peppiatt can afford to relax if he wants

Eurofutures

■ The futures industry is hold-ing its fourth conference in London this week, but, in per-haps a telling reflection of the growing importance of France's markets, the venue is moving to Paris next year. France's futures exchange, Matif, outstripped London's market in contract volume last year and the exchange is pushing for a higher international

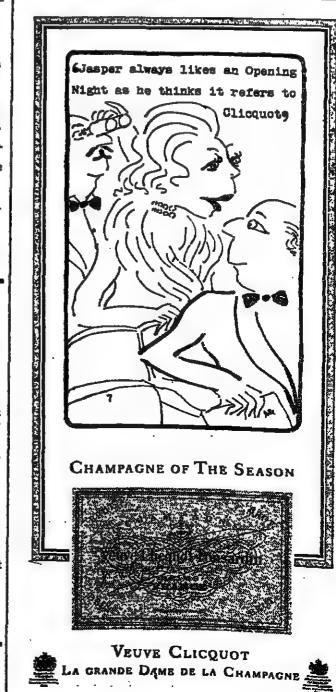
The conference, jointly spon-sored by the Futures Industry Association and Futures and Options World, could move back to London the following

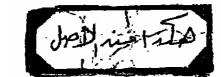
back to London the following year as it rotates around Europe.
It could even go to Moscow.
John Redwood, parliamentary secretary of state for corporate affairs, told the conference that he had been interviewed on Soviet TV. The interviewer's first question whether the USSR needed a futures exchange to resuscitate its moribund economy.

Cheers!

■ Grafilto in a Birmingham pub: "There is no such thing as a large Scotch."

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Healing the workplace rift

vacancy for a postal messenger recently it attracted 1,553 applications from adverrisements placed in three local newspapers.

With names deleted, applications were passed to the recruitment department. A shortlist was drawn up, based on criteria monitored by statistical specialists in the company's four-man Equal Oppor-tunities Unit.

All this to ensure a Catholic applicant would have as good a chance of succeeding as a Prot-

NiE's commitment to fair employment practices may seem bureaucratic, time-consuming and unbusinesslike, but the Government is right behind it. The Fair Employment Act underlines the Government's recognition that the terrorises raduled history of the employment practices may province requires a different approach to the mainland – even for a Government pledged to unleashing market forces across the UK.

Mr Richard Needham, North-

ern Ireland's economy minister, says: "You cannot possibly continue to leave to local

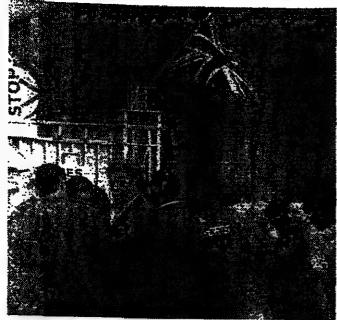
continue to leave to local employers without any form of government regulation the decision as to who and what they employ."

NIE's example, while extreme, is not an unfair exaggeration of the sort of measures companies may have to take as the sixth-month-old act begins to bite. The problem the begins to bite. The problem the act seeks to tackle runs deep in a province made up of a patch-work of Protestant and Catholic areas – sometimes marked out with kerbstones painted red, white and blue or the colours of the Irish tricolour

Nationalist areas tend to be the most deprived. Across the province, Catholic males are two and a half times more likely to be unemployed than Protestants. Pressure for change has been evident since the "Troubles" srupted during civil rights protests in 1968.

The division between the two communities has spilled inevitably into workplaces. In East Belfast, home of Short Brothers, the aerospace com-pany, a report a decade ago on local engineering companies found the Catholics regarded the area as as "no-go". Protes-tant skilled workers domi-nated. Catholics accounted for only 6 per cent of Shorts apprentice intake.

Subsequently Shorts has sought to ensure equality of opportunity. It monitored the composition of its workforce, Ralph Atkins on the Fair Employment Act in Ulster



Shorts workers outside the factory during the flags dispute

involved labelling the vast

majority of employees either "Protestant" or "Catholic".

Potentially the most embar-

companies is its investigative

powers. Reports by its prede-cessor, the Fair Employment Agency, have produced results

that have sometimes surprised even the managers of compa-

of 17 car retailing companies named seven judged not to be giving equality of opportunity. Charles Hurst — one of the companies criticised in the

report on car retailers — says the study was based on four-year-old statistics. But it has clearly been ruffled.

"We have responded posi-

tively. We have, and always have been, a fair employer," says Mr Fred Maguire, chief executive. The requirements of

the Fair Employment Act are not so much a burden, but it

Mr Bob Cooper, chairman of the FEC, reports apprehension among a number of companies.

Most affected, he says, will be the medium-sized companies

Employers with more than 25 employees – falling to 10 after January 1992 – have to monitor their workforces.

The next stage for the FEC

smallest are exempt) which have not monitored their amployees before.

es concerned. A recent study

sing aspect of the FEC for

talked to Catholic schools and advertised all jobs externally. It removed questions asking applicants if they had relations

working in the company.

More dramatically, it provoked a strike in 1986 by banning flags from factories. The sim was to create a neutral workplace, ending explicit dis-plays of Unionist pride, Cur-rently Catholic apprentices are approaching 20 per cent of the

total.

The steps Shorts has taken could be forced on others by the Fair Employment Act. It goes further than previous legislation, banning direct job discrimination and outlawing "indirect" religious discrimination – unjustified employment practices which unintentionally creats incounlity.

ally create inequality.

The act stops short of setting quotas, but companies can be forced to take "affirmative action" in an effort to create a workforce reflecting the reli-gious balance in the local catchment area. That could include targeting job advertisments at under-represented groups or deliberately locating

training schemes in particular areas of the province. To date the only requirement has been for companies to reg-ister with the Fair Employment Commission (FEC) and submit the results of monitor-

found to have an imbalance. For recalcitrant organisations there is the threat of £30,000 penalties or the loss of lucrative government grants and A company's public image

and its attractiveness to inves-tors could be affected by FEC displeasure. American compa nies investing in Northern Ireland are among those most acutely aware of the sensitivity of religious composition, if only because they often face sure from domestic investors to ensure good practice. But reaction so far has been low key. Typical is Mr Gordon Coulter, an entrepreneur who runs three building products companies in Kilkeel on the southern edge of the province. "We have been a company that has always been looking to give people a fair chance." He says he has "no objections" to the Fair Employment Act.

Among many bigger companies, there is little expectation of wholesale changes. At the north-western edge of the province, in Catholic-dominated Londonderry, is Desmond and Sons, the textile company whose 2,700 employees in low key. Typical is Mr Gordon

whose 2,700 employees in Northern Ireland make clothes for Marks and Spencer. Here Mr Denis Desmond,

whose family has run the com-pany for generations, readily acknowledges that companies have to take on a wider social role as implied in the act. Details of the company's

monitoring report have not been published but are thought to show a 70 per cent Catholic workforca, roughly in line with the local area. We have to accept that we are part of the wider community," Mr Desmond says.

Northern Ireland Electricity is determined to take its employment practices beyond the letter of the law — the surplus of applications for the post of postal messenger is only an illustration. "Not many mainland companies many maintaind companies would spend the money getting inundated with that many applications," says Mr Aidan Sherrard, equal opportunities

manager.
Its commitment to fair employment, says NIE, is long-standing and covers not just religion discrimination.
Whether as a consequence or not, NIE is able to operate without binds ance across the community area. community — even in areas where the army treads warlly. It shows a willingness to take on a social role that the Government will want to tap.

nstitutional investors are flexing their muscles on both sides of the Atlantic. In both the United Kingdom and the United States they have great power over the economy and very little responsibility either to the companies they effectively con-trol or the public.

In large measure institutional investors were the cause of the takeover and buy-out frenzy of the 1980s - with its legacy of over-leveraged com-panies, defaulted junk bonds and management policies that focus on short-term performance rather than long-term

This situation should not be permitted to continue. Both the UK and the US must rethink their approach to takeovers and corporate gover-nance. The stakes are large. If we do not solve the problems and reverse the emphasis on short-term results, we will bequesth a declining standard of living to our future generations.
The June 19 discussion paper

by the Investment Committee of the Association of British Insurers deals with the man-agement monitoring aspects of corporate governance. It does not, however, address the need of management to plan for long-term growth and be free of pressure to produce short-term results. In this property the property the property of respect the proposals are similar to those put forward by the Council of institutional Investors in the United States.

The real-world effect of these proposals is not improved corporate governance - it is interference with normal business planning, limitation on management incentives and encouragement of hostile takeover bids.

The present system of corpo-

rate governance is an anachro-nism. It stems from the days when shareholders were real owners, not transitory profes-sional investors; when there were no hostile takeover bids, no risk arbitrageurs, no junk bonds and no pressures on both corporate management and institutional investment managers to show ever better quarterly performance. It is not suitable for the modern ers. It lends itself to abuse by corporate raiders whose only objective is their own enrich-ment. It forces corporate manment, it forces corporate management to focus on short-term performance both on the profit and loss account and in the

and loss account and in the stock market.

The various proposals now being advanced will not solve the fundamental problems. Nor has the demise of the junk bond market, the collapse of many of the leveraged buy-outs

Corporate governance

An end to hostile takeovers and short-termism

By Martin Lipton

the financial corporate raider obviated the need to find a solution.

the corporation's projections for the next five years, the assumptions on which they are

Our trading partners in Japan and West Germany are virtually free of hostile takeovers. Their systems produce patient capital and encourage long-term planning and investment. The systems in the United Kingdom and the United States do the opposite. A new system of corporate governance is required. To start with, the new system should eliminate hostile take-overs. Instead, institutional

ors should be encouraged to develop the expertise to then divert their funds to another corporation with a superior strategy or retain

evaluate a company's strategy A new system of corporate governance

directors once every five years

their investment but exercise

that a majority of the board of directors be independent of

five-year terms. They would stand for election on the corporation's record for the past five years and its strategic plan for the next five years. Any shareholder or group of shareholders with 5 per cent of the out-standing shares, or shares having an aggregate market value of \$5m or £5m, would have the same access to the corporate proxy machinery as the management.

tion's five-year performance compared to its strategic plan, together with industry averages, stock market averages and other relevant data. It

pursue long-term planning without fear that investment in research and development plant and equipment, expanding markets and similar

The five-yearly system would permit corporations to

based and the returns on

investment that they would

test the quinquennial election, they could do so on the basis

bid to acquire the corporation or their support for a bld put forward by a third party.

produce if achieved.

is required - one that would eliminate hostile takeovers, and elect

their right to change a strategy that has proved ill-founded. The new system requires

management.
It would substitute a quinquantial meeting of shareholders for the annual meeting.
Directors would be elected for

the management.

Whether or not the election was contested, the proxy statement would be required to contain a summary of the corpora-

short-term depressants on earnings would result in a akeover.

It would remove the pressure on directors to maximise share prices in the short run. It would also remove the pres-sure on institutional investors to sell out good, successful, well-managed companies just because someone is offering a premium to the market price. Institutions would have an opportunity to be the patient, long-term investors they pro-fess to want to be.

The quinquennial system would assure good management and sound business strategies. The requirement that directors run for election on the corporation's five-year record and its strategic plans for the next five years would assure, if any such assurance is really necessary, that the directors perform their princi-pal function of choosing competent managers and holding those managers to achieving their business plans. Directors do not want to run the risk of losing a proxy fight. Indeed, they do not want to

ance of preserving ultimate shareholder control, but not forcing bad business policies and dangerous leverage on corporations seeking to avoid the threat of takeover.

By preventing hostile takeovers between the five-year intervals, the quinquennial system would facilitate negotiated acquisitions; particularly If shareholders decide to conequity mergers that avoid high leverage. The fear of a raider interfering with a common that if elected they would offer stock merger forces too many the corporation for sale. As part of their solicitation of votes they could put forward a

run the risk of a situation that invites a proxy fight. Since any shareholder or group with the requisite ownership could con-duct a proxy fight at the corpo-

ration's expense, the threat of

a proxy fight would serve to

police the actions of the direc-tors not just as they approach the end of five-year intervals,

but continuously during the

five years. The quinquennial system strikes the needed bal-

good mergers to be abandoned or structured in a way that overburdens the combined hostile takeover interference with mergers would be limited the quinquennial system would have no effect on the ability of shareholders to vote down any merger they do not approve.

The argument that the quin-quennial system would entrench management and destroy corporate democracy is not well-founded. We do not deem presidents or prime min-isters entrenched because they are not elected annually. We are not less democracies because our officials do not stand for annual election. However, to the extent that this is found to be a real con-

cern, a solution is simple. The quinquennial system can be structured so that if a corporation fails to achieve at least 80 per cent of its projections for two consecutive years, the holders of 20 per cent of the shares could require a special shareholder meeting to which all of the requirements of the quinquennial meeting would be applicable.

The quinquennial system is worthy of consideration and debate. Obviously it would require a number of changes in statutes, agency regulations and rules of self-regulatory

In view of the widespread dissatisfaction with the present system, I believe the debate is essential and that it can lead to an effective system of corpo-rate governance for the future. In both the UK and the US we are in the age of finance corporatism, and we must develop a system of corporate governance suited to the age. The author is senior partner of the New York law firm of Wach-

LETTERS

From Mr David Damant.
Sir, We could add three points to Lex's comments (June 25) on the payout ratio for shares in British and West

German companies.

First, the higher UK payout ratio may reflect higher interest rates generally, requiring also a higher yield on corporate securities; and some argue the higher dividends. In IR. that higher dividends, in upfronting the money, produce a higher share price in any case. Second, for many years after the Second World War, German companies were extremely short of capital. Retained earnings were an absolute necessity: and for the same reason pension funds created for employees were often

invested in the company itself. The attitudes bred in those

have an opportunity cost which can be considered to be the same as the cost of raising new capital. Retained earnings are not free. To argue that all companies should distribute all companies should ustribute an profits and raise the new money they need in the markets is theoretical, and has practical drawbacks, but it seems a sufficient reason for not regarding the procedure of paying dividends and then raising money separately as some thing inherently wrong. David Damant,

Currency suspicions allayed

From Mr Vincent Cable. Sir, One of Mrs Margaret Thatcher's main anxieties about European Monetary Union (EMU) seems to revolve around the loss of our cur-

rency.
The Prime Minister should

That country has enjoyed monetary union with England

The denomination is close but not identical to that of English currency (the Scots have pound notes), and con-vertibility at a fixed exchange parity is maintained (except by some suspicious English shop-keepers and cabbies).

similar manner, British banks should not continue to make available pieces of paper denominated in sterling, and

are subject to monetary base control by the European Cen-tral Bank, and that a fixed parity is maintained, monetary union can be reconciled with a

to travellers and extra printing

Profits versus capital

years may persis Third, retained earnings

68 Lombard Street, London, EC3

travel more frequently to Scot-land.

for many years. It also has its

bearing the Queen's head, indefinitely.

Provided the British banks residual financial identity. Some minor inconvenieno

pay for providing the more conservative members of soci-ety with a little peace of mind. Vincent Cable

102 Whitton Road, Troickenham, Middlesez

'It would be tragic to fix the £, within the ERM, overvalued'

From Mr James Morrell.
Sir, "Talking up the Pound" (June 15) suggests that entry to the Exchange Rate Mechanism (ERM) should be made "with a rate of not below DM3 as the floor," and with a wide band. The implication is that the pound sterling has to be high (overvalued?) in order to force nflation down. Profits have to squeezed to such an extent as to force a rising wave of business failures and a surge

the demand for labour lower-ing labour cost inflation. The overvaluation of the pound in 1980-81 ultimately drove unemployment above In, and reduced the rate of

in unemployment; the fall in

pay increase to 6 per cent. In what was almost a controlled experiment, the evidence suggests that, given the pay sys-tem, unemployment would need to be driven up to 5m to

achieve price stability.

The time lags in all this inevitably span years, and the wastefulness of the whole process - including cuts in investment - must raise the question: is the game worth the candle?

The pound is already over-valued. If DM3 was the appropriate level in 1987, when sterling was being targeted by the UK Treasury at that rate, subsequent changes in consumer prices in the UK and West Germany point to a rate of DM2.60 for 1990. Moreover, the massive UK trade deficit and the weakening of export orders sugge that the pound is definitely

It would be tragic to fix the pound, within the ERM, over-valued by as much as 15 per cent. There must be another cure for Britain's maleise, and since market forces take so long, more immediate remedies are called for. Clearly, British managers need to be educated about the imperative of slashing the rate of pay inflation in order to live

with an almost fixed exchange

rate. Managers, in turn, have to educate all employees on the

inflationary expectations we need a period in which to set this huge educational process in train, and to focus attention on the urgency of the problem a one-year pay freeze should be implemented without delay. This would facilitate a big fall in short-term interest rates. As you remind us, "there

d credit controls embracing variable reserve ratios for all leading institutions. Present policies simply will not do. James Morrell,

Europe's Arab neighbours

has for some time been concen-trated on events to its immedi-ate east. You later comment on the fundamentalist victory in recent Algerian elections.

I do not suggest that there is

expenditure on armaments; and the failure of progress

towards peace increases the sense of frustration. We should not be seen to neglect the Middle East, or we risk that region replacing

founding fathers laid the foundations of peace from which we now benefit. We must find a way of applying their deter-mination, farsightedness, gen-erosity and imagination to the Middle East, which now needs its own Schuman Declaration. Is a Middle East Community

Belmont European Con. Brussels, Belgium

logic of the position. To break may have to be ways of limit-ing the potential for equity withdrawal from housing."

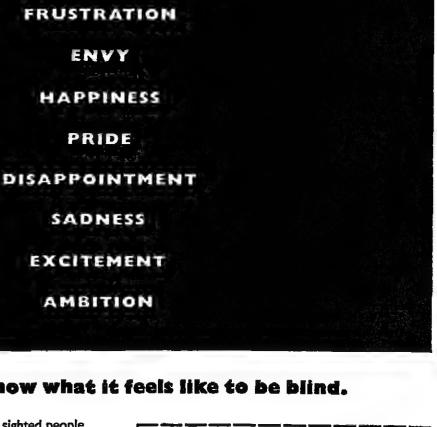
In other words, we would

There are one million blind and partially sighted people

At the Royal National Institute for the Blind, we help

The RNIB Looking Glass Appeal has now been set up so we can help fund our schools, colleges, and all the other services we run to help Britain's blind people live their lives to the full.

Please give what you can.



Now you know what it feels like to be blind.

LOVE

JEALOUSY

HOPE

living in Britain today.

thousands of them get on with the ordinary business of ordinary life.

We need to raise £10 million, and every penny counts.

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Address	4
Postcode	KNIE
RNIB, Freepost 26, London WIE 3QZ	LOOKING
For credit card donations ring Charityline	GLASS
0839 777772. Calls charged at 25p per	APPEAL
min cheap rate, 38p per min at peak rate, 17.5p per min of call charge goes to RNIB.	

Skies over the EC

From Mr R.W. Venables. Sir, You identified the three Cs, collusion, congestion and centration (June 18), as the principal barriers to the ement of the European

While these barriers exist, the most important C, the consumer, will not reap the full benefit from an open skies policy. The structure of the indus-Ty is too heavily weighted in favour of the flag airlines, and increasing congestion means less room for the emergence of

effective competition. Before 1992 arrives, EC transport ministers should face this reality. As well as addressing congestion and formulating a merger policy with bite, they should recognise that Europe's skies will not be truly open for at least 10 years.

Because lack of available

space both in the air and on the ground and the imbalanced structure of the industry means that the consumer's needs cannot best be met by deregulation, the better alternative solution is a system of constructive regulation.

The UK has practised a system of "regulation with a light touch" for the past 20 years, through the Civil Aviation Authority. The multi-airline policy pursued in the shadow of a dominant national carrier has resulted in a UK airline

46-47 Bloomsbury Square, WC1

nas resulted in a UK arrine industry which is stronger than that of any other European country, with many benefits for consumers—and not just limited to hot breakfasts on the shuttle. The next step is to translate this system into Europe.

From Mr Stanley Crossick. Sir, Your leader of June 19 opened by stating that, under-standably, Europe's attention

direct linkage between these facts. However, our preoccupation with eastern Europe at the expense of the Middle East car-ries with it a serious risk. Millions of Arabs also live under systems which deprive them of both economic benefits and political freedom. Actual or perceived or manipulated threats to peace increase

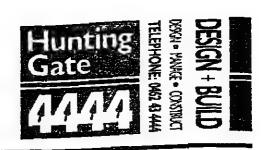
Europe as the world's cockpit The consequences - increased terrorism, chemical weapons and even nuclear warfare are too horrific to imagine. The European Community

less feasible now than a Euro-pean Community appeared to be in 1950? Stanley Crossick,

Office, Tour Louise, 149 Avenue Louise

FINANCIAL TIMES

Wednesday June 27 1990



GM plans Czech gearbox venture

By Kevin Done, Motor Industry Correspondent, in London

Soviet party chiefs

may delay congress

By Quentin Peel and Leyla Boulton in Moscow

GENERAL MOTORS is carrying out a feasibility study into the making of transmissions in Czechoslovakia as part of its ambitious move into eastern Europe.

It said yesterday it had signed a letter of intent with the Czechoslovak Government to examine the feasibility of building up to 250,000 car gearboxes a year. It hopes to decide on the project later this year and would aim to begin production in late 1992. The transmissions would be exported to GM assembly plants in western

Europe. Separately, the company is negotiating a co-operation deal with Bratislavske Automobi-love Zavody (BAZ), the Bratislava Auto works, for possible assembly of light commercial vehicles in Czechoslovakia.

It faces competition for this

THE bitterly divided leadership of the Soviet Com-

munist Party was yesterday

contemplating postponement of next week's crucial party

congress, in a desperate effort to avoid final break-up of the

Mr Boris Yeltsin, the presi-dent of the Russian federation,

who said that the congress represented "the last chance...for a radical renewal

of the party." last night threw his weight behind the cam-

paign for a delay.

The move is also backed by

the conservative leaders of

both the Ukraine and the new

Russian Communist Party, conscious of the inevitability of a split with radical reformers if

the July 2 congress goes ahead

A decision to call off the

whole event could only be taken by a full-scale plenum of

the party's central committee, but it emerged yesterday that top officials had been canvass-

ing party leaders in the repub-lics since the weekend.

A delay would represent a further setback for supporters of radical reform, who first

demanded that the dats be brought forward in a bid to

overhaul the entire party appa-

Last week's founding con-

ratus and programme.

on time.

project from several other western van makers. BAZ is likely to decide on its western partner in the second half of

GM said foreign exchange from the transmission project would support its Opel vehicle distribution activities in Czechoslovakia, with car imports from western Europe. It is studying three potential sites in Povazska Bystrica, Trnavca and Dubnica, all to the north-east of Bratislava. GM, the world's biggest car maker is planning an overall

maker, is planning an overall rise of about 25 per cent in its European vehicle assembly capacity to more than 2m a year by the mid-1990s, includ-ing setting up assembly plants in eastern Europe.
It has already decided to

day along with new evidence of the depth and bitterness of

divisions at the very top of the

ruling party.
In an interview with Pravda,

the leading Communist Party newspaper, Mr Eduard Shev-ardnadze, the Foreign Minister, rounded on critics of Soviet

foreign policy.

He denounced the criticism levelled last week by Mr Yegor Ligachev, the leading conservative in the Politburo, and top members of the military high

"It is high time to under-

stand that neither socialism, nor friendship, nor good neigh-bourliness, nor respect, can rest on bayonets, tanks or blood," Mr Shevardnadze said.

"Relations with any country should be built on respect for mutual interests, on mutual benefit, on the principle of free choice. It is in this way that we have begun to conduct affairs, and thanks to this fact, immense changes for the better have occurred in the world."

plans to establish a car components joint venture in Hungary, in addition to plans for an engine and car assembly plant in Hungary, announced earlier this year. In East Germany, GM will

produce 10,000 cars a year at Eisenach, and is studying the feasibility of full vehicle assembly there for up to 150,000 cars a year.

It has already appointed around 200 dealers in East Germany, and by the end of the year the company plans to have dealers and distribution companies in place in six east-ern European countries: East Germany, Czechoslovakia, Hungary, Romania, Yugoslavia and Poland.

GM announced in January that it was forming a joint ven-ture with Raba, the Hungarian car and engineering group, to build up to 200,000 engines and assemble up to 30,000 Opel Kadett/Vauxhall Astra cars a year in one of the most ambitious inward investments undertaken by a western com-

pany in Hungary.

It is leading the push by western vehicle makers into eastern Burope, along with volkswagen of West Germany.

GM Europe said it was still unclear if the transmission plant in Czechoslovakia would be structured as a joint venture, or if it would go it alone. The company currently makes transmissions at four sites in western Russner Russner.

sites in western Europe, Rus-selsheim and Bochum in West Germany, Aspern near Vienna, Austria, and Strasbourg in France. It also imports transnese associate company. Challenge of Unity, Page 3

Lithuanian leader meets Gorbachev

By Leyla Boulton in Moscow

gress of the Russian Commu-nist Party, resulting in a signif-leant victory for conservative critics of President Mikhail Gorbachev, underlined the weak position of the reformers. MR Vytautas Landsbergis, the Lithuanian President, held sur-prise talks yesterday with Mr Mikhail Gorbachev, the Soviet leader, as Lithuania's parlia-The change in tactics of the Soviet leader emerged yester-

ment prepared to consider a
deal with Moscow.

A spokesman for the Lithuanian mission in Moscow said
that the two men had "discussed bilateral relations, pos-sibilities of negotiations and the USSR's proposals... on Lithuania concerning a mora-torium on its independence

Tass, the Soviet news sgency, said in what it called an official report of the meet-ing that the two leaders had discussed ways of overcoming difficulties in connection with Lithuania's March 11 indepen-

dence declaration.
It also suggested that the Kremlin wanted to lock Lithusnia into discussions for a new union treaty to hold the Soviet Union together.
"The Lithuanian leader was before and their transmissions of the soviet was before and their transmissions." informed that talks...can be held only in the context of an inter-republican dialogue on

the preparation of a new union treaty and the formation of a union of sovereign socialist states," Tase said. Lithuania has already said that it wants outright indepen-dence rather than membership

of a loose confederation proor a mose comencement pro-posed by Mr Gorbachev.

Its leaders have talked of a moratorium of the indepen-dence declaration only for the duration of talks on secession. The 90-minute meeting in

doscow, held at President Gorbachev's request, came just before the Lithuanian parlia-ment was due to debate Mr Gorhachev's proposal that Lithuania suspend its indepen-dence declaration for the dura-

tion of negotiations.
Tass quoted Mr Landsbergis as saying in a radio address that "Moscow has not exhausted its potential of the exhaused its potential of the advance towards a compromise." But Mr Landsbergis also acknowledged deep divisions among his compatriots.

Mr Gediminas Vagnorius, deputy chairman of the Lithuation of the Lithuati

nian parliament's economic affairs committee, said yester-day that Mr Landsbergis could well return with new proposals from the Kremlin to allay pop-ular suspiciousness towards

Morcow.

However, parliament was unlikely to reach any decisions until later this west and that Mr Landsbergis might not report back on his talks with Mr Gorbachev until a meeting of the parliament's governing



Thatcher struggles against the European current

By Philip Stephens, Political Editor, in London

THE TIDE of opinion in Europe, in her own Cabinet and in her party's natural constituency of industry and finance is carrying Mrs Margaret Thatcher, UK Prime Minister, towards European economic and monetary union.

But she will not travel willingly. At the conclusion yesterday of the Dublin summit, she appeared ready to stake she appeared ready to stake her reputation — and perhaps her political future — on a pre-diction that Europe's quest for a single currency would fall

apart,
Echoing the views of Sir
Alan Walters, her former economic adviser, and drawing on
Britain's bitter experience dur-Britain's Ditter experience unring the 1960s with the Bretton Woods fixed exchange rate system, Mrs Thatcher was adamant that the enterprise

would fail.
"I do not think a single cur-rency is inevitable," she told a press conference before adding far from perpress conference before acting that she was far from per-suaded that even the "interme-diate" stage of permanently "locked" currencies could Work.
Those who had detected the

beginnings of a carefully pre-pared "U-turn" in Britain's pared "U-turn" in Britain's alternative plan for a parallel currency based on the European Currency Unit must have been sorely disappointed. Mrs Thatcher declared confidently: "I do not think we are out of them. It think there is the out of the standilly others. step, I think steadily others are coming into step with us." But many of those around her — in the Cabinet as well as in Whitehall - remain convinced that the tide of events will

prove irresistible. The message from the Dub-lia summit was that Mrs Thatcher would face before the general election due by mid-1992 the choice that many in her Government fear - between signing up for the even-tual absorption of sterling into single currency and seeing Britain cut loose from the mainstream of the Commu-

That mood is being mirrored at Westminister by a signifi-cant shift in the balance of opinion among her own sup-porters. Among Tory MPs the enthusiatic federalists and the supporters of the much looser speech have tended to cancel each other out.

In recent months and weeks,

however, there have been signs of a subtle shift in the balance of power. Conservative MPs who count themselves as part of the agnostic centre ground have been returning from their constituencies with a simple message: the Government's backers in business and industry are in no doubt which direction it should take. If its partners are set on a single currency and central bank, Britain must be

Training contract
Dundridge College of Totnes,
Devon, a Ferranti International subsidiary specialising
in training in airspace management, has wun a contract
from the United Kingdom
Civil Aviation Authority.
The College has been tasked
with planning and running a
specially designed course
which will convert ex-military
and other suitably experienced
air traffic control officers to
UKCAA licence standards in
aerodrome, approach procedural and approach radar
control. part of the enterprise.

Other European leaders in Dublin acknowledged that the detailed work of the past few months had indicated that building European monetary union (EMU) would not be the risk-free enterprise which some had fondly imagined. The vast majority, however, shared the view of President François Mitterrand of France and Chancellor Helmut Kohl of West Germany that such difficulties must not be allowed to jeopardise their timetable.

Mrs Thatcher will never be convinced that a single cur-rency is inevitable. She might over time be proved right in her forecast that the considerable diversity of economic performance among European Community nations would wreck such a project. From the twin perspectives of Dublin and Westminster, however, it is hard to see how she can avoid including Britain in the

A change of tune from Mr Bush

Having read President Bush's hins for long enough, the finan-cial markets would dearly love to believe that he is about to swallow his words and increase US taxes. The cynics will say he has no choice. This year's budget deficit will be twice as big as the \$100bn Gramm-Rudman target. Next year's estimated overspend of \$80bn-plus is surely too big to be followed but again. Admit. be fudged yet again. Admittedly, the President did not mutter any magic words about increasing income taxes; but his terse statement speaks of the need for tax revenue increases. It is an encouraging gesture which should begin the long process of hammering out an acceptable budget compro-

an acceptable budget compronies.

There is little mystery about the ingredients. The costs of rescuing the savings and loans are increasing, while weak US corporate profits are hitting tax revenues. The situation is considerably worse than a year ago. There has to be a mixture of spending cuts and tax increases if the authorities are to avoid the huge automatic spending cuts which will be triggered by Gramm-Rudman in October. The problem in October. The problem remains of getting everyone to agree without moving the goal posts so much that any pro-posed compromise loses credi-bility.

The initial market reaction was broadly correct. US bonds rose and the dollar fell. Mean-while, the equity market is right to be puzzled. Raising taxes ahead of an election and at a time when the economy is close to recession is not the most astute move politically. Ideally, it should accelerate the move towards lower interest rates; but the Federal Reserve should be sufficiently cynical not to respond immediately.

Maxwell

The full year figures from Maxwell Communications are offered as evidence of the offered as evidence of the group's transformation into a pure publisher. In accounting terms, purity is not the word which springs to mind. The headline figure shows a 12 per cent rise in pre-tax profits and a 4 per cent rise in earnings per share. This includes an exceptional profit of £19.2m, due to early termination of the lease on the company's headquarters. The lessor, needless to say, is Mr Maxwell himself. The figure also includes property development profits of \$41m, achieved on sales of £36m. This is largely the result of stripping out the property element in subsidiaries sold in

the process of transformation

- NEWS -

REVIÈW

NIE comms system

In the face of strong interna-tional competition, the Com-munication and Data Systems. Group of Ferranti Interna-tional, Commercial and Industrial Systems, based in Edinburgh, has won a contract to provide Northern Ireland Electricity with a digital com-munication trunk system. The system is based on the latest generation Ferranti digital microwave radio relays.

Training contract

New network for BA

An investment by British Air-

An investment by British Alr-ways at its new Accounts Centre at Odyssey Park, Rnis-lip, has provided a fibre optic network to take the company's computer-based revenue administration and yield man-agement systems through the nineties.

At the greenfield site Egypati

At the greenfield site, Ferranti International has installed the

network as a total turnkey pro-ject providing design, installa-tion, systems integration and

Leeds University, Central Manchester College and Newcastle-upon-Tyne Polytechnic have chosen Ferranti International to supply local area networks which will provide integrated data communications to take them through the nineties.

LANs for the 90s

support.

Communication Share price relative to the FT-A All-Share Index

89 90

from printer to publisher. The surplus over book value has then been classified as operatthen been classified as operating profit from continuing activities. Net of both exceptionals and property — and as a self-proclaimed pure publisher Mr Maxwell can only have a limited stock of properties left — pre-tax profits are down 15 per cent and earnings down 21 per cent. On that basis, the dividend is only 90 per cant covered. per cent covered. These are no mere technical-

ities for a company with net debt of £2.1bn (£0.2 bn of which has been modishly reclassified as auction-rate preference shares). The real rate of intershares). The real rate of interest cover must be a matter for conjecture; but it appears to be well under two times, or half the rate of the previous year. Mr Maxwell has apparently resolved to sell off \$800m worth of his publishing assets, plus residual properties worth \$150m. Even by his own terms, the purchase of Macmillan and OAG was a colossal tramble. OAG was a colossal gamble. On this showing, there is still no guarantee that it will come

Company finances

The UK corporate sector is under pressure, but the squeeze is slow in having sig-nificant effects on the econ-omy. It was assumed that three years of corporate financial deficits must result in a decline in investment and a wave of destocking, Indeed, the Trea-sury built such assumptions into its forecast for slower GDP growth this year. But despite another 17bn corporate deficit in the first quarter, Government figures show gross domestic fixed capital forma-tion reaching a record level and the value of stocks falling only by a small amount. Nor are companies stinting their employees or shareholders; pay settlements are nudging 10 per cent and dividend payments

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Ferranti International has

announced a major restruc-turing of its business to

create a world-class advanced systems company for business, defence and the

community. Following a strategic review

of its operations and mar-keta, the company has reor-ganised into three new cus-tomer-orientated divisions

A new market-led

structure announced

are two thirds higher than two

years ago.
The explanation for this paradox is that larger companies have been able to use their overseas earnings, excluded from the CSO figures, to ease the financial pressure. The pain suffered by smaller com-panies, in contrast, is illus-trated by the growing number

of bankruptcies. But it must only be a matter of time before the larger com-panies start to suffer. Interest payments are 50 per cent higher than a year ago and more than doubled since the first quarter of 1988. The strength of the pound will be diminishing export opportuni-ties and the translated value of overseas profits. But that may be too late to limit the 1990-91 pay round. The government's electoral timing - it still needs the economy to experience a sharper slowdown before it can engineer a recovery - looks increasingly shaky.

Aircraft leasing is a risk business, but it is still a little mind-boggling to see an insurance blue chip like American International Group eagerly paying \$1.3bn for a seat at the table. AlG is not the most obvious owner for International Lease Finance, ILFC's current fleet of 100-odd narrow-bodied jets, or the \$10bn of aircraft it has on order. At \$16bn, AlG's market capitalisation is about twice that of Citicorp, and 1989 twice that of Citicorp, and 1989 operating profits were \$1.8bn: so the deal is readily manage-able. But AIG has never been prone to big acquisitions; and it is cautious in its investment policy, with less than 8 per cent of its portfolio in common

Hence, perhaps, Wall Street's initial response of marking AIG's shares down more than 2 per cent on news of the deal. Given its position at the hairier and of US commercialproperty/casualty insurance. AIG perty/casualty insurance, AIG carries quite enough risk in its core business, without adding to it by taking a massive long position in the used aircraft market

It never pays, though, to underestimate AIG and its president Mr Greenberg. AIG has been smoothly expanding financial services operations in areas like swaps and foreign this division should now be close to AIG's goal of providing 15 per cent of operating profits. And if ILFC can sustain any thing like its recent growth rate, this will have been an inspired acquisition; and rather cheap, on 16 times ILFC's expected 1990 earnings,

* ##*. * # : :

1800

Mark +: S:

Company

Obstacle race to replace CFCs

Peter Marsh on the green lobby's doubts about the alternatives

HILE arguments on phasing out the chemicals that damage the ozone layer reach their climax today, spare a thought for Mr John Rankin, engineerof Hussmann Craig Nicol, a big US maker of commercial refrig-

Mr Rankin, like hundreds of engineers in Britain, is wres-tling with the task of replacing ozone depleting chlorofluoro-carbons (CFCs) used in products such as refrigerators, airconditioning systems and plastics packaging.

Another issue is whether the materials being developed as CFC substitutes, many of them

chemically related to the same substances, will be subject to international regulations that might limit their use. An international conference this week in London is discuss-CFCs by the end of the cen-

Environmental groups such as Greenpeace say many types of materials canvassed by the chemicals industry as substi-tutes for CFCs are hazards to the environment.

Ms Tracey Heslop, atmosphere campaigner at Green-peace, said the chemicals industry was resorting to blackmail in efforts to push the world into accepting its CFC alternatives. She said industry should be

doing more to develop new is already being produced in

technologies that used neither CFCs nor their substitutes. Faced with such arguments, Mr Rankin admitted to feeling

under pressure.

"We are the tail-end Charlies," he said. "We have to rely on other people coming up with something for us that we Last year Britain used an

estimated 31,000 tonnes of CFCs, roughly half the 1986 fig-urs. About a quarter were used in aerosols. 31 per cent in refrigeration and air-conditioning and 28 per cent in plastics foams for insulation, packag-ing or upholstery. A further 17 per cent was used in cleaning Most of the discussion about

CFC substitutes concerns the refrigeration/air-conditioning industry and foam-blowing. A big difficulty for many engineers is which materials are most suitable as CFC substi-

Du Pont, Imperial Chemical Industries and other large chemicals companies are developing two classes of alterna-tives. Both are related to CFCs and have better environme properties – yet they are far from benign. The materials are HCFCs,

which have a small capacity to warming.

damage ozone, and HFCs, which have none. On the other hand, they contribute to global One HCFC, called HCFC-22.

WORLDWIDE WEATHER

C - Cloury Dr - Drizzfe, F - Feer Fg - Fog, M - Nali, R - Rein, S - Sweep, Si - Sweet, Sn - Sweet, T - Thunder

large quantities by Dn Pont and used by suppliers such as Hussmann Craig Nicol for large refrigerator installations places such as supermar-

Environmental groups want HCFC-22 banned from use early next century because of its ozone-depleting potential. They also have doubts about HPCs.

Chemicals companies have given warnings that setting limits on the use of HCFCs and HFCs would not give them an adequate return on the hundreds of millions of dollars they are investing in development and research involving

u Pont and ICI said last week they would con-sider building fewer HCFC plants if regulations imposed on those materials

were too tough.

Ms Heslop said such statements amounted to blackmail.

She said that new technologies, such as refrigerators that used helium or propane as a coolant, were not attracting enough development funds. Ms Flona Weir, air-pollution campaigner at Friends of the Earth, said propane refrigera-tors involved slight risk because the gas was infla

However, they could be in use by the end of the century, assuming safety tests showed they were acceptable.

Such arguments notwithstanding, most CFC users assume that many of their future products will use HFCs

or HCFCs.
Not all existing CFCs can be easily replaced by the HCFC and HFC materials under development. An HFC called development. An HrC caned HFC-134s is under development both by Du Pont and ICI, aimed mainly at the cooling systems in domestic refrigera-tors, rather than in large com-mercial air-conditioning or refrigerator systems which contain much more coolant material

For very low-temperature supermarket freezers, HCFC-22 is virtually the only suitable CFC substitute.

Materials costs are also likely to be higher. Many standard CFCs sell for £1,000-£2,000 (\$1,720-\$3,440) a tonne. HCFC-22, which is made in arge-scale plants already, sells for £4,000-£6,000 a torme.

In many applications, the CFC replacements require a substantial amount of re-engi-

And in some cases, use of new methods that do not involve CFCs can lead to er energy costs. higher energy costs.

Refrigeration and air-conditioning engineers will have to ensure that poor design involv-ing CFC substitutes does not unwittingly increase energy consumption and greater burning of fossil fuel, leading to

EC pledge to Moscow

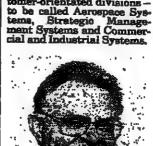
Continued from Page 1 mit, said he expected the US to share the serious doubts raised by Mrs Margaret Thatcher during a heated debate at the sum-

Japanese diplomats attending the Dublin summit said they expected their country to follow the US lead in Houston. Mr Lothar De Maizière, the East German Premier who put in a guest appearance at the Dublin meeting, indicated pri-vately that the security aspects of German unity should be negotiated between Nato and the Warsaw Pact, rather than bargained with bank loans. In their review of developments in South Africa, the

Britain that they should respond to President F.W. de Klerk's reform programme with an immediate relaxation of sanctions.

They agreed, however, that the Community should send a clear signal to Pretoria that further progress towards a multiracial democracy would be rewarded by an easing of

Mrs Thatcher voiced disappointment that the restrictions on investment and on imports on iron and steel had not been lifted immediately. She pre-dicted, however, that the Community would follow Britain's lead in the next six months.



The three divisions will replace the five previous divisions and will enable the

divisions and will enable the company to pursue its chosen markets and address the needs of customers more effectively—thus rabuilding shareholder value.

Each division will have a new managing director—announced as Ian Ball, Albert Dodd and Bill Brockhnizen respectively.

Brockhuizen respectively. The new divisions will be

supported by a new focussed and effective corporate organisation which will set

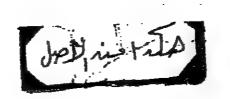
rategic direction, formulate top-down quality objec-tives, provide specialist and international marketing

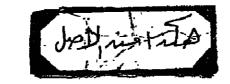


Bill Brockhuizen

monitor business unit performance, set information technology strategy and implement strong financial controls,







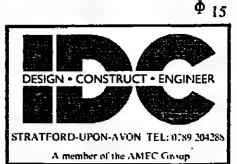


FINANCIAL TIMES

COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1990

Wednesday June 27 1990



INSIDE

Grim warnings push Psion into sharp fall



The share price of Psion, the UK's leading manufacturer of hand held computers, fell sharply yesterday after David Potter, chairman and managing director (left), warned that profits for the first half of 1990 would be significantly below those of the same period in 1989. The prin-

cipal cause of Psion's distress is a substantial fall in turnover and big losses at Dacom, a small telecommunications company, reports Alan Cane. Page 24

Filofax plans £2m rights issue Filotax, the troubled personal organiser com-

pany, is planning to turn over a new leaf by recommending a consortium offer for 51 per cant of the group, followed by a £2.1m rights issue. Filofax appears to have been hit by a slump in the popularity of some of its products during the last 18 months. Andrew Hill reports on the deal which Filofax hopes will revive the group, and help it to expand. Page 22

Turbulent times for Christiania



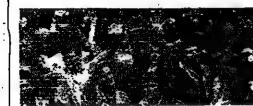
Last month Standard and Poor's, the US-based credit rating agency, took Christi-ania Bank by surprise when it reassessed its credit rat-ing to the lowest investment grade debt. The agency's unessluess with Christiania

stems from its capital adequacy, lack of quality assets and lingering credit losses. Karen Fos-sil looks at the challenges facing Sverre Ros-toft, soon to take over the helm of Norway's second-largest bank. Page 16

Chrysler buys Dollar Rent-A-Car

Chrysler, the US automobile manufacturer, is to buy Dollar Rent-A-Car Systems, which claims to franchise the fourth largest world-wide motor rental system. Martin Dickson reports on the latest in a series of tie-ups between US car makers and rental groups, aimed at securing captive markets in the face of rising Japanese competition. Page 18; Opel results, Page 16

Pendulum swings against the pit



Across the US the race is on for 24-hour, worldwide electronic trading. But the exchanges are jockeying for position in a future which no one has yet seen or knows will work. It is precisely this uncertainty which has begun to stalk Chicago's bolsterous futures plts, following the link between the Chicago Board of Trade and the Chicago Mercantile Exchange, Many traders feel the advent of electronic trading spells the end of a way of life. Barbara Durr reports. Page 21

Market Statistics

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16 Dresdner Bank

Chief price changes yesterday

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By Andrew Fisher in Frankfurt

DRESDNER BANK, the West branches, to which it will add 35

man insurance monopoly.

The joint venture will provide
Dresdner Bank with 72 new

of its own. Most of these will be ready by Sunday when full bank-ing operations become possible. Dresdner intends eventually to open 50 more branches, bringing

Dresdner will have a 49 per cent stake in the new venture, but will be the largest single shareholder. Deutsche Kredit-

three East German industrial Landesbank, the big regional companies - Carl Zeiss Jena, the optics group, VEM-Antriebstechnik, the engineering company,

and Radeberger Exportbier, hrewers - will share 4 per cent.
Deutsche Bank, Dresdner's bigger rival, already has 118 branches through its own venture with Deutsche Kreditbank and is opening 12 more. Commerzbank is starting with about 20 branches and 15 mobile outlets, and plans to have 50

public sector bank, are also mov-

said the five intended to split the East German group into five regional operations in which other companies could participate. The aim was to prevent a state monopoly being converted

man Government agreed to sell Allianz a 49 per cent stake in Deutsche Versicherungs, which would initially have a monopoly of the insurance market. It was disclosed on Monday that Allianz planned to increase its stake in the group to 51 per cent.

Creditors agree \$20m loan to Trump By Alan Friedman

in New York

MR DONALD Trump last night narrowly avoided bankruptcy when seven leading bank crediwhen seven leading bank treth-tors agreed an emergency \$20m, 30-day bridging loan which allowed him to make an interest payment on one of his casino junk bonds.

The last-minute financial manoeuvre will be followed next month by a \$65m rescue loan package and a sweeping restruct-uring of the entire Trump empire. It came despite the refusal of West Germany's Dresdner Bank to go along with Mr Trump's 64 other bank lend-

if the \$20m had not been wired to Mr Trump by midnight last night he would have defaulted on a \$43m payment on his Trump Castle bonds. This could have triggered a series of law-suits and formal bankruptcy pro-

suits and formal bankruptcy pro-ceedings.

Mr Trump's total debt is \$3.3bn, of which \$2bn is in bank loans and the rest in junk bonds.

The Trump bail-out went ahead after a decision yesterday morning by the seven biggest bank lenders — including National Westminster Bank of the UK, which has at least \$50m of Trump loans — to ahandon of Trump loans — to abandon their attempt at unanimous agreement among the various loan syndicates.

Bankers involved in the rescue talks said it was clear that a forced immediate liquidation of the Trump empire would not realise proceeds adequate to match his debts. Essentially, the Trump rescue

accord consists of:

The suspension of interest payments for a period of two to three years on properties not making money and the handing of equity in others to the banks by way of second liens;

The appointment of a chief financial officer by the banks;

● A commitment by Mr Trump to dispose of several major assets in an orderly fashion. The Trump Shuttle airline, personal yacht and Plaza Hotel are believed to be among these

Dresdner Bank has a \$15m exposure on the flagship Trump Tower property on Fifth Avenue.

Dresdner in East German venture

German bank, has formed a joint venture with Deutsche Kreditventure with Deutsche Kredit-bank, the commercial arm of the former East German state bank-ing monopoly. The move high-lights efforts by West German financial institutions to prepare for currency union on Sunday. It follows an offer from five West German insurance compa-nies for a majority stake in Deut-sche Versicherung, the East Ger-man insurance monopoly.

its network to more than 150 by the end of 1991. Initially, it will employ 3,500 people from Deut-sche Kreditbank and 800 of its

lets, and plans to have 50 branches by the end of the year. Others such as Westdeutsche

Meanwhile, five West German insurance companies - Colonia (controlled by Groupe Victoire of France), Gothaer, Nordstern, R&V, and Württembergische Feuer – are offering DM270m (\$168m) for a 51 per cent stake in Deutsche Versicherung. The bid follows one by Allianz, West Germany's biggest insurer.

Colonia said the terms offered by the five groups were the same

by the five groups were the same as those of Allianz bid. Colonia

into a private one. Earlier this year, the East Ger-

Out with the old: Terminal One of Toronto's ageing Pearson airport. Pearson lays claim to being North America's third-busiest international airport

Bringing ageing airports up to date

Bernard Simon and Paul Abrahams report on BAA's hopes of redeveloping Toronto airport

ravellers who have suf-fered through the seem-ingly endless rebuilding of London's Heathrow airport will have mixed feelings when they discover that the airport's owners plan to export the technique. BAA, formerly the British Airports Authority, is hoping to sell its skills in refurbishing and managing airports to overseas governments. This week, it takes its most important overseas step so far when a consortium it heads submits plans for an

C\$800m redevelopment of Toronto's Pearson airport. The potential market is a big one. Airports around the world are having to build terminals and other facilities to meet rapid growth in the number of passemgers and journeys. Paying passenger kilometres are forecast to rise from 1.5hn in 1965 to about 4.5hn by 2008. 4.6bn by 2008. But these additional facilities

are expensive. In Europe alone, the International Civil Airports Association estimates that air-ports are planning to invest as much as Ecu 22.9bn (£16.4bn) in new capacity during the next few

BAA believes that its experience in running profitable sirport and commercial activities will prove attractive to state-owned airport companies anxious to

meet passenger growth without making demands on the public exchequer. The company, which was privatised in 1987, has a record of strong profits growth. Earlier this month it reported a 29 per cent increase in pre-tax profits for the year to March 31.

The British company has only a 25 per cent interest in the Toronto consortium, known as

Toronto consortium, known as Canadian Airports. The other shareholders, so far unidentified, are thought to be Canadian finan-cial institutions.

cial institutions.

Canadian Airports' president,
Mr Chris Barlow, is a BAA executive who led the recent £110m
redsvelopment of Terminal Three
at Heathrow. The consortium is
being put together by Gordon
Capitai, a Toronto securities
firm, which has a mandate to
raise up to C\$200m in equity for
the project. The remaining
C\$500m will be financed through
a long-tarm mortrage bond. a long-term mortgage bond.

the project for almost a year. It has set up an office in Toronto and has listed its shares on the Toronto stock

The BAA grouping's main chal-lenger is Paxport, a consortium led by two Canadian developers, Bramalea and Matthews Land

other groups are also said to have opressed an interest.
Officials say that before taking any decisions, the Canadian Gov-ernment will probably call for

public tenders, a process that could take almost a year. Toronto is the world's 25th busiest airport, handling 21m passengers last year. Canada's two leading airlines, Air Canada and Canadian Airlines internstional, estimate that about half their passengers pass through Pearson. Toronto claims to be the third busiest international air-port in North America.

port in North America.

Like the recently resurblashed Terminal Three at Heathrow, the two existing terminals at Pearson are ageing, inefficient and heavily congested. They have few shops, and almost all of these are located outside the security area, giving passengers little time to browse. Last year more than a third of BAA's income came from commental activities rather than airport charges.

The key to improving the terminals is the spare capacity which will be created when a new, privately-operated, terminal is opened later this year. Its biggest tenant will be Canadian Airlines International.

Under both the Paxport and BAA plans, the two old terminals will be gutted and rebuilt to

include many more retail outlets closer to the aircraft gates. And BAA plans a new building, says a person familiar with the pro-posal, to be used mainly for

ir Norman Payne, BAA's chairman, says that because Toronto will have fewer duty-free shops, it will make less money per passenger than Heathrow. Nonetheless, BAA has told local institutions that it expects the redeveloped terminals to be enormously profitable. "They look on Toronto airport now as everything you shouldn't do, but with the potential to be a huge money generator," says one businessman who has dealt with the consortium.

Pearson sirport as a whole gen-

Pearson sirport as a whole generated an operating profit of C\$65.2m in the year to March 31 1989 on revenues of C\$148m. BAA made £256m on a turnover of £747m

BAA's interest in Canada w originally whetted by the Govern-ment's plan to spin off four of the country's other major sirports — in Montreal, Calgary, Vancouver and Edmonton — into new local airport authorities.

A BAA official said that the company is still trying to gain a foothold in these entities. Agree-ments to set up the first of the new airport authorities are expec-ted to be signed by the end of this year, to be followed by a 3-6 month handover period. Toronto airport will remain under federal Government ownership for the time being, with the redevelopers of the terminals negotiating a

long-term lease.
In the meantime, BAA is In the meantime, BAA is looking at other non-UK opportunities: Sir Norman Payne was in Hungary last week discussing a possible deal to develop Ferihegy airport at Budapest. BAA's overseas moves are aimed at reducing the company's dependence on the UK market, which analysts believe is now maturing. Charter believe is now maturing. Charter traffic is down 20 per cent at UK sirports this year. BAA is not alone in its interna-

BAA is not alone in its interna-tional ambitions. The airport facilities business is a competi-tive one. Frankfurt Airport recently won a DM750m (£250m) deal to redevelop Moscow's Sher-emetyevo Airport as part of a consortium with Lufthansa. AEG, and Dresdner Bank. Another player is Aéroports de Paris, the French airport opera-tor, which recently won a number of small contracts in the Far East and West Africa. The compe-tition for the Toronto contract will indicate how far BAA's hopes of an international future are justified.

assets; • The imposition by the banks of a personal spending allowance on Mr Trump of \$450,000 a

It refused to accept a subordinate lien on the Trump Tower and asked either to be bought out by the other banks or to receive a special dispensation or indemnity separate from the overall debt package.

AIG to acquire world's number two aircraft lessor for \$1.3bn

By Roderick Oram in New York

INTERNATIONAL Lease Finance Corporation, the second largest aircraft lessor in the world after GPA of Ireland, has agreed to be acquired by American International Group, the US insurance and financial services company, the US (1997) for \$1.3bn (£749m).

For ILFC, which is growing

rapidly with the booming demand for new airliners, AIG represents a source of low-cost represents a source of low-cost funding for its burgeoning lease portfolio. As part of the transaction, AIG will put up \$125m of fresh capital for ILFC.

ILFC's management had expressed concerns about its ability to raise enough funds at attractive rates for its ambitious plans to expand its business.

For AIG, the most internation-

For AIG, the most internationally minded of US insurers, ILFC takes it into another and poten-tially highly profitable field to



Maurice Greenberg:

complement its existing range of financial service businesses rang-ing from commodity trading to currency and interest rate swaps. Based in Beverly Hills, ILFC was founded in 1973 by Mr Louis

Mr Leslie Gonda, his father and chairman, and Mr Steven Udvar-Hazy, president. Together they hold some 55 per cent of the publicly traded company's stock.
It will become an independent unit of AIG and the present man-agement team will continue to run it from California. It will con-

tinue to issue its own debt of which it has outstanding currently some \$1.5bn in commercial paper and medium-term notes. AIG is offering shareholders \$32.50 cash for each share or 50 cents cash plus 0.3 of an AIG share. ILFC shares rose \$3½ to \$30% yesterday on the over-the-counter market.

The takeover will end the frustiant of the the the trustiant of the the trustiant of the trustiant of

tration that ILFC's mana had reportedly felt with the stock market's low valuation of it. Investors tended to see it as a

Maxwell to sell off some interests

By Raymond Snoddy

MR ROBERT MAXWELL, chairman of Maxwell Communi-cation, has decided on a further refocusing of the group's strategy. He plans to take the company out of publishing businesses dependent on advertising revenue and to concentrate on professional publishing and infor-

mation. Yesterday he reported pre-tax profits of £172.3m for the year to March 30, an increase of 12 per cent compared with the 15 months to March 1989 treated on an annualised basis, and said he intended to dispose of "non-strategic businesses" worth \$800m to reduce debts running at £2.1bn at the end of the financial year.

The result disappointed some analysts who said that after stripping out property deals there was little real growth in operating

profit.
The chairman of the company

that has been transformed from a printing and publishing company into a "pure publishing company" in the past 15 months is now going to refine the business

For the first time Mr Maxwell was apparently including main-stream publishing businesses in his definition of non-strategic." He refused to say what interests he planned to sell, but placed new emphasis on professional information provision and said the disposals would come from the 10 per cent of the company which relied on advertising.
This would make Maxwell

Business Communications and Maxwell Consumer Publications the main candidates for sale. Mr Maxwell was emphatic, however, that he intended to keep his residual minority printing stakes in BPCC, QPI and Donohue of North America.

He also conceded that he was negotiating to buy Mr Alan Bond's stake in British Satellite Broadcasting, although any pur-chase would not be through Maxwell Communication.

Mr Maxwell has blown hot and cold on the stake in the past, but yesterday confirmed his renewed interest. "We are being courted by all concerned and we are looking at it," he said.

He was one of six on a list of potential purposessors of Montanial

potential purchasers of Mr Bond's 28 per cent stake approved by the main BSB shareholders Granada, Pearson, publishers of the Financial Times, Reed International and Chargeurs of France. He also made it clear yesterday he intended to continue buying shares in The Independent news-

paper up to the 24.9 per cent limit.

Details of results, Page 26

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Baring Capital Investors organises and invests in larger management buy-outs and buy-ins throughout Europe. Our executives have a track record of successful transactions both in the UK and on the Continent and have industrial as well as financial skills. We have a clear focused objective: successful investment in European companies, in partnership with successful management teams.

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ARGENTINA is set to carry out Latin America's largest debt-equity swap through the sale of 60 per cent of Entel, the nationalised telecommunica-tions company, to Telefónica of Spain and Bell Atlantic of the

Entel's privatisation has been in the offing for almost a year and is a key element of President Carlos Menem's platform of economic reform. The deal, which requires final approval from Mr Menem, involves the splitting of Entel into two separate companies based on geographically divided lines. For Entel South, Telefonica's

accepted bid comprised \$114m cash, \$2.18bn debt paper, and \$540m interest outstanding on that debt. For Entel North, Bell Atlantic's accepted bid was \$100m cash, \$1.86bn debt paper and \$372m interest outstand-

Several other interested foreign operators dropped out of running in the past few weeks. However, the Italian telecommunications company Stet, in alliance with France

ADAM OPEL, the West

German subsidiary of General

Motors of the US, expects prof-its to jump further this year to

around DM1.4bn after a rise of

122 per cent in net income to DM1.1bn (\$655m) in 1989. It is

paying GM its first dividend for II years.

Opel is also still considering

whether to make a heavy investment in East Germany at the Eisenach car plant. Mr

Louis Hughes, chief executive,

said "the chances are decent" that a new plant to assemble

150,000 cars a year would be built there, the biggest uncer-tainty being production costs. It will make a decision this

surge, Opel has left its loss-making years of the mid-1980s

further behind. As well as striving to trim costs and raise

sales and output and improved the image and attractions of its

course, only to fall at the final hurdle as its bid was rejected. For both Telefónica and Bell Atlantic, the deal is further evidence of their international ambitions.

Earlier this year the Spanish company paid \$398m for Alan Bond's 43.72 per cent stake in Compania de Telefonos de Chile, while this month Bell Atlantic teamed up with Ameritech to buy Telecom Corpora-tion of New Zealand for NZ\$4.25bn (US\$2.49bn). The stake will eventually be reduced to 49 per cent.

Soon after Monday's announcement in Buenos Aires the deal was attacked by Mr Rodolfo Terragno, who as Min-ister of Public Works during the previous Alfonsin Govern-ment failed in an attempt to sell Entel. He criticised as too little the cash paid for what amounts to 60 per cent of

However, Ms Maria Julia Alsogaray, the state appointed manager of Entel whose task it was to privatise the heavy loss-making company (in 1989 Entel lost \$1.46bn), had persistently pushed the debt-equity

model range, now including the successful Vectra saloon. Mr Hughes said performance

in 1989 had been helped by the

buoyant economy, with turnover up by 19 per cent to DM21bn. Opel has just launched its new sports coupé, the Calibra, with this year's planned production of 30,000 cars already sold out Yearly

planned production of So,000 cars already sold out. Yearly output will thus be increased to more than 60,000 units by using a Finnish plant of Saab's car division, of which GM has

Commenting on 1990, Mr

Ferdinand Schwenger, finance director, said an even better result would be achieved. The net return on sales, 5.4 per cent

last year, would rise at around

the same rate as turnover, which he forecast would move up by at least 10 per

Mr Schwenger said corre-

sponding projections of a possi-ble 6 per cent return on sales

taken control.

swap as the sale's most impor-For many analysts too, the deal's greatest significance is its debt-equity exchange component. Argentina's \$62bn foreign debt makes it the region's

third largest debtor, after Bra-zil and Mexico. The price finally agreed for the Argentine debt exchanged in the sale was fixed at 13 per cent of face value, a figure close to that on secondary debt

While the sale has been pushed through in dou-ble-quick time it has been completed with little of the expec-ted political furore and trades

union opposition. Telefónica has been interested in buying into Argentine telecommunications for at least two years. Its consortium bid is backed by Techint, a local construction and steel company, and by Citibank of the US.

Bell Atlantic's chief partner is the US hank Manufacturers Hanover, which has been involved in several other

debt-equity swaps in the coun-Opel earnings rise by 122%

and net income of some

DM1.4bm "do not lie very far from our own estimates." Con-

tributing to the more than don-

bling of profits in 1989 was the fact that material and labour

costs grew more slowly than

Elaborating on plans in Rast Germany, where Opel starts limited Vectra assembly in

October, Mr Hughes said important considerations for a

new plant would be wage lev-els and employee readiness to accept a new working environ-

Opel wanted to apply in

Eisenach lessons learned at GM's Californian joint venture with Toyota of Japan, where teamwork and decision-making

"We want to use the factory' as a sort of laboratory," he said. "It is a once-in-s-lifetime

chance to start a new opera-tion with everything going the right way."

involvement are stressed.

It is believed that the numic-

ipality of Cananea, totally ipality of Cananes, totally dependent upon the enterprise, will be given a 5 per cent stake in the copper mine — rather than the mine workers' union which was interested in equity participation.

Metaligesellschaft was origi-

Metalligesellschaft was origi-nally expected to associate in a hid with Mr Manuel Espinosa Iglesias, the chief shareholder in Bancomer before its 1982 nationalisation. Mr Espinosa, however, may have decided to numerature his resources on regaining a stake in Ban-comer, Mexico's second largest commercial bank, which is

in the copper privatisation, which had failed to get off the ground on two previous occasions. The mine produces 10,000 tons of copper a month.

Consortium wins control of Mexican copper mine

By Richard Johns in Mexico City

A CONSORTIUM, led by Mexico's Ingenierios Civiles Asociados (ICA) and entrepreneur Mr Bernardo Quintana Ir, have emerged as the clear winners in bids to privatise Compania Minera de Cananea, Compania Minera de Cananea, Mexico's largest copper mine. The consortium has offered the knock-down price of only \$468m or the equivalent in Mexican pesos. The price for Mexico's most sensitive property put up for privatisation is a little more than half the original \$910m set by the Government.

Final acceptance is expected shortly by the judicial authori-ties and the official receivers responsible for the sale of Canresponsing or the safe of Can-anea, which was declared bankrupt last August - as a means of forcing a reduction in the exchance and eliminating restrictive practices.
The consortium, Cuprifera

de Cananea, emerged as the only bidder before the Monday deadline. Foreign partners in Caprifers are Teck of Canada and Metaligesellschaft of West

Germany.

ICA and Mr Quintana have been sitting on considerable cash following the sale last year of Cementos Tolteca to Cemex, the leading Mexican cement producer.

commercial bank, which is

also due to be privatised.

The Government is reported to have favoured a European rather than a US participation

Grand design for a Norwegian bank

Karen Fossli reports on the problems for Christiania's new president

tough challenge awaits Mr Syerre Rostoft next Mr Sverre Rosson month when he takes the helm as president of Christian as president of Christian av's second largest tiania, Norway's second largest bank, and with it responsibility for the bank's "grand design" for husiness development over the next two years.

Christiania, known as Kreditkassen og Christiania in Norway, has ambitious plans to expand into insurance and mortgage credit businesses within its new holding company structure. But Mr Rostoft. who succeeds Mr Tor Moursund, Christiania's president for 13 years, is likely to have other things on his mind. Mr Moursund, who is to step up to the post of board chair-man, will hand over the blue-print of the business develop-

ment plan.

But Mr Rostoft's ability to implement it may be limited by Christiania's weak capital adequacy position – and he is worried about what might e necessary to put things

Already, chances for expand-ing outside banking are being missed. Storebrand and Uni Porsikring, two insurance com-panies, were widely considered as candidates for a link with the bank, but recently announced a plan to merge. Norway's regulators are not likely to be as symportize of a likely to be as supportive of a link between the new Uni Sto-rebrand and Christiania as they might have been of a tie-up between the bank and one of the insurers.

Last month dard & Poor's, the US-based credit rating agency, took Christiania by surprise when it lowered the bank's credit rat-ing to A-3, its lowest invest-ment grade debt rating. The problem is Christiania's capital

"While credit losses may not continue to grow, asset quality problems are likely to linger in the short- to medium term, frustrating efforts to improve earnings to bolster core capi-tal," believes S&P.

It is true that, for the first four months of 1990, Christi-ania's credit losses fell 30.2 per cent from the year-earlier ure to NKr356m (\$55.3m) but that may be misleading. Norwegian banks ...-

no longer have estimate credit losses for the year as a whole when booking losses for the individual accounting Operating

profit in the opening period of 1990 dropped to NKr728m from NKr955m reduction in

improvement in operating income which the bank experi-enced in 1989, which resulted largely from a declining interest rate environment and profits from capital markets activ-

At the end of April the bank had increased asaets by NKr25.8bn to NKr146.4bn, largely because of last year's acquisition of Sunnmoersban-ken, a medium-sized bank which had earlier run into

adequacy, distinct lack of quality Mr Rostoft now intends to hold a late, extended spring cleaning of the bank's balance sheet which is likely to continue throughout 1991. "We will start to discard business and unload balance sheet items with the lowest margins and

with the lowest marginal and undertake more off balance sheet activity," he explained.

"Big corporate credits" which tend to be business with "thin margins" are the target of Mr Rostoft's spring cleaning. The big corporate names should fund themselves inter-

national-ly there are good corporate names which we can eliminate from our balance sheet without hurting the bank's earn-ings," he explained.

Compared

with banks in the Nordic region, Christi-ania achieved a 21.95 per cent gross income.
S&P points out that it may be difficult to susdifficult to sus-

average 20 per cent for Sweden's top five banks. But the Swedish banks have better asset quality by international standards, while their capital adequacy is more in line with Bank for International Settle-

ments (BIS) standards. It has been estimated that Sweden's banks on average have twice the core capital of Norway's banks. Norway's top two banks are at the low end of the credit-rating spectrum while Sweden's banks are at

Mr Rostoft's deep concern over Christiania's weak capital adequacy is aggravated by the BIS requirement that total equity should amount to 8 per cent of risk-weighted balance sheet items. The new BIS requirements for 1992 are already starting to bite. It's coming fast and we all have to adapt and for some [Norwegian) banks this is going to present problems," he admits.

Christiania has set a goal to increase its core capital by 3.5 per cent this year and by 4 per cent in 1991. The bank needs to raise some NKr900m to strengthen core capital to meet BIS requirements.

This assumes asset growth of 10 to 15 per cent, of which around a third would qualify as core capital in BIS terms. Core capital may be able to be increased by NKr2bn by 1992, Mr Rostoft believes. Taking into account end-

December figures of the three

banks, group capital ratio in terms of BIS requirements is put at 6.62 per cent. The figure is 8 per cent if equity is calculated according to existing rules which call for a minimum of 6.5 per cent of an asset base comprising total assets less equity and risk-free assets. The problem for Mr Rostoft is matching strategic goals with financial demands. Christiania this year acquired Soer-landsbanken, a small regional bank But, says S&P, "The decision to acquire two regional banks [including Sunnmoersbanken] may be strategically sound but comes at a time when the diversion of staff and resources from the bank's existing operations could negatively affect its over-

all operating performance and counter any improvements in acute solvency problems. But, to spruce up asset qualcapital adequacy. Former Ward White chairman sues Boots

By Maggle Urry in London

MR Philip Birch, former chairman and managing direc-tor of Ward White, the UK retail group, yesterday started a \$4.7m (\$7.8m) High Court suit against Boots, which took over Ward White last August follow-ing a 2900m contested takeover bid.

Mr Birch is claiming damages, interest on the money and costs.

If he is successful, it is thought it will be the largest pay-off in British corporate his-

Mr Birch said yesterday he was summerily dismissed by Boots after 19 years with Ward White. He said he was "generally considered by independent observers to have done a first-class job for Ward White's shareholders."

Boots has declined to comment on the issue. Mr Birch has already received a lump sum from the pension fund of nearly £1m and is receiving an annual pension of £350,000.

The writ, which formally ditte Ward White as the defendant, says that Mr Birch was the five years notice of the due five years notice of the ending of his contract with the company. The contract prom-

ised an annual salary of £117,663 rising at least in line with retail price inflation, plus commission based on profitability, pension contributions, \$25,000 a year from the group's US businesses, and a car — although Mr Birch had agreed to pay for petrol and oil "consumed while such car was being used for private purposes"



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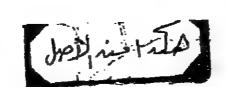
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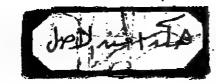
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IBM reveals computers that aim for high volume

INTERNATIONAL Business Machines yesterday unveiled a new range of home computers with which it alms to unleash high volume consumer demand for personal computers.

"This is the first step in a 10-year march. By the year 2000 the home computer will be as pervasive as the video cassetts recorder is today," said Mr Tony Santelli, IBM vice president of new business development and head of the team that has developed the new PS/1 home computers.
"We are taking the personal computer out of the speciality market and putting it into the mass market," added Mr Bill McCracken, IHM vice president of distribution channel man-

agement. IBM will offer the PS/ 1 computers in US department

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stores as well as through its established computer dealers. The PS/1 computers range in price from \$999 to \$1,999. Based on the Intel 286 microprocessor, the PS/1 is compatible

with IBM's existing PS/2 office-style personal computers and share many technical features. All PS/is sold in the US will incorporate a modem-which can be used to connect the computer to on-line information services. Options include a colour screen and hard disk drive.

However, the home computers incorporate features that make them much easier to set up and to use, including built-in software that puts instructions on to the computer screen as soon as it is switched on.

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To overcome the complexi-ties of computing, IBM will offer on the assistance to PS/I users via Prodigy, its videotext on-line information service joint venture with Sears Roebuck. PS/1 purchasers will be given a 90-day free subscrip-tion to Prodigy and the option

to continue using the service at a cost of \$10 per month.

HM is introducing the PS/1.

in three regions of the US now.

Chicago, Dallas and Minespolis. By the fourth quarter it will be available throughout the US and a launch in Canada later the year is also planned.

the US and a launch in Canada later this year is also planned.

IBM will begin introducing the PS/1 in Europe in the fourth quarter, but it will lack some features such as the modern and the link with databases such as Prodigy. IBM said the lack of a pan-European data service necessitates this approach but it will evaluate the services on a country-by-country basis to see if they can be added later.

Apple finds new **US** president

Apple Computer has reached outside the company to find a new president for its US operations, writes Louise Echoe.

The company yesterday amounced the appointment of Mr Robert Puette, formerly with Hewlett-Packard, to fill the post vacated in January by Mr Allan Loren, who shruptly resigned.

Mr Alian Loren, who shruptly resigned.

Mr Pnette will be responsible for Apple's US sales, marketing, support and distribution activities. He comes to Apple after a 24-year career at Hewlett-Packard, where he led the start-up, development and expension of Hewlett-Packard's necronal community hasiness. expension of Hewlet-Parkin's personal computer business. His most recent position at: Hewlett-Packard was general manager, Personal Computer

Apple Europe said in Cork yesterday that it intended to invest \$45m in establishing a new North European Operations Centre in Apeldoorn, Holland, complementing its manufacturing operations in Ireland, adds Alan Cane.

Continental Bank to shed staff and post loss

By Karen Zagor

INTERNATIONAL COMPANIES AND FINANCE

CONTINENTAL Bank, the Chicago commercial bank, yes-terday said it would cut its payroll of 6,728 by about 13 per cent and report a second-quarter loss after establishing a \$50m special pre-tax reserve to cover the costs.

Although Continental's shares fell \$7 yesterday to \$15's at midday on the New York Stock Exchange, trading was fairly light and the news had little effect on a market which has already been bat-tered in recent months by the ill fortune of the US banking

noustry. Continental's share price has suffered in recent months from concern over the bank's high concentration of real estate and its exposure to highly leveraged transaction

In April, Continental reported a 25 per cent plungs in first-quarter income to \$56.7m or 80 cents, including extraordinary gains of \$34m. Continental said it planned. to leave several unprofitable businesses including futures and options execution and clearing.

Zapata close to deal for sale of drilling fleet

ZAPATA Corporation, the financially troubled group whose activities include the exploration and production of oil and gas, and commercial fishing and processing, said it was close to a deal to sell its 12-rig offshore drilling rig fleet. It is discussing the sale with "a number of potential buyers," said Mr R.C. Lassiter, chairman, at the annual meeting. Reuter reports.

ing. Reuter reports.
An official said if a said was not completed, "then it's Chapnot completed, "then it's Unap-ter 11 (bankruptcy)."
Zapata, in common with most offshore drilling compa-nies, has been plagued by house in recent years because there are too many offshore rigs chasing too little busi-ness, particularly in the Gulf of Maxico.

Chrysler to buy car rental group to fight falling market share

By Martin Dickson in New York

largest worldwide motor rental system, in the latest of a series of tle-ups between US car mak-ers and rental groups.

The purchase price was not disclosed but Chrysler said rental revenues for Dollar and its franchisees totalled more than \$500m last year.
US car manufacturers, con-cerned about their declining

domestic market share and the inroads of Japanese competitors, have been rushing to form links with rental groups in an attempt to secure captive

in an attempt to secure captive markets for their products.

Dollar is a California-based company which began life in 1966 when its owner, Mr Henry Caruso, set up a single outlet in Los Angeles. It now operates from 1,000 locations and has an average yearly rental fleet of 80,000 vehicles, 51,000 of them in North America It specialises in "in termi-

nal" operations at every large US airport and most medium and small hub ones. This means that it has rental count-

CHRYSLER, the US vehicle ers inside the airport terminanufacturer, is to buy Dollar Rent-A-Car Systems, which gives it a big advantage in attracting business travellers.

business travellers.
Chrysler acquired two other rental companies last year.
One was Thrifty, which has an average yearly fleet size of 45,000 vehicles, 37,000 of them in North America, and oper-ates an "off-airport" network. This means its facilities are located slightly away from terminals, which reduces its overheads and allows it to be more

The state of the s

ST.

competitive on price. compensive on price.

The other was Snappy, with 20,000 cars, which specialises in temporarily replacing cars for drivers whose normal vehicle has been damaged.

Mr William Lobok chair.

Mr William Lobeck, chairman of Chrysler's Pentastar car rental holding company. said Dollar's performance had been particularly impressive over the past three years and the company's in-terminal operations would complement Thrifty and Snappy. Chrysler's share of the US

car market has fallen sharply this year. Dollar will be a large customer, since it buys 70,000 to 80,000 vahicles a year.

Corning income slips 3%

By Karen Zagor

CORNING, the US speciality counting, the us specially glass group which last year changed its name from Corning Glass Works, yesterday reported a 3 per cent decline in second-quarter net income, reflecting market disruptions in South Korea and softness in the US economy.

Net income for the three months ended June 17 fall to \$67.1m or 71 cents a share from \$69.4m or 76 cents a year ear-her, although sales in the three months grew 17 per cent to \$678m from \$579.8m.

Sales grew only 6 per cent, however, when adjusted for the consolidation of Siccor which was formerly an unconsolidated affiliate

dated affiliate.

For the first half, Corning's net income was \$114.2m or \$1.23 on sales of \$1.28bn against \$1.11bn a year surface.

Country said that improved

operating profits in the latest quarter were more than offset by a sharp decline in equity-company income, mainly from its joint venture in South

Korea.

Most analysis had expected improved profits in the second quarter and shares in Corning dropped \$2% to \$43% in moderately active trading yesterday on the New York Stock

on the New York Stock Exchange.

The US group said sales from its laboratory services and communications businesses grew significantly in the second quarter, while the performance of Corning's speciality materials business was flat.

Sales of consumer housewares weakened in the three

wares weakened in the three months. This was attributed by Corning to turnoil in the US retail market and a change in Corning's normal seasonal

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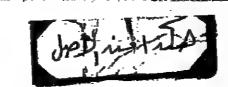
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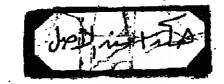
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INTERNATIONAL COMPANIES AND FINANCE

Dai-Ichi Mutual in \$312m US alliance

By Martin Dickson in New York

DAI ICHI Mutual Life Insurance. Japan's second largest life assurance company, is to pay some \$312m for a 9.6 per cent stake in the Indied Lincoln National the largest investment in a US insurer by a Japanese one.

The two companies said yes-terday that they had formed a strategic alliance to develop business relationships in investment management, rein-surance, pension products and

surance, pension products and group health products.

Dal-Ichi Mutual, the third largest insurer in the world, is to buy two new series of Lin-coln National convertible pre-ferred stock, valued in total at

The first series, to be bought immediately, will give it a 5 per cent stake in the group. The second tranche, which will probably be acquired in May next year, will boost its stake to 9.6 per

Lincoln National is the seventh largest publicly-held insurance and investment management company in the US with 1989 net income of

management company in the US with 1989 net income of \$268.8m, revenues of \$8.1bn and assets of \$25.1bm.

While Japanese houses have taken substantial stakes in Wail Street securities firms over the past few years, this is believed to be the first large investment in an insurer, although Tokyo Marine bought Houston General for \$50m some 10 years ago.

Mr David Seifer, an analyst at broking firm Donaldson Luftin & Jenrette, said the Lincoln deal could be the forerunner of others. The pact would allow Lincoln to reduce its leverage, while Dai-Ichi

its leverage, while Dai-Ichi Mutual would benedit from the

US company's knowhow.
"But the future depends on what Lincoln can do with this. capital and how they perform in developing products for Dai-Ichi in the Japanese mar-

ket," he added.

A Lincoln official said the group hoped to be able to sell its domestic products to Dai-Ichi Mutual clients with subsidiaries in the US, while the link-up should also improve its knowledge of the Japanese capital markets. It hoped it would also improve the visibility of its investment capabili-ties in the international equity markets.

The new shares will reduce its debt-to-equity ratio from 28 per cent to 16 per cent.

The two companies already had a limited relationship.

They reached a reinsurance agreement in 1987, and Mr Ian Rolland, chief executive of Lincoln, said relations between the two stretched

back almost 30 years.

"This is an alliance for two companies who are familiar with each others' strengths and values," he added. Shares in Lincoln National rose \$3, to \$55¹⁴ in early trading yester-day on the New York Stock Exchange.

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Tortuous twists in a Bond thriller

Andrew Freeman previews tomorrow's investors' meeting in London

s Bond Corporation, the main quoted company in Mr Alan Bond's Australian corporate empire, prepares for tomorrow's meeting in London of investors in its convertible debt. some handholders are debt, some bondholders are preparing to take the company to the brink of liquidation to obtain a better deal.

They are angry because they believe Bond Corp has tried to force them to give up their remaining rights in the vague hope that they might get some money back in a few years' time.

They want the company to put an alternative on the table, such as an option giving them the chance to sell their bonds back to Bond Corp at a deep discount. discount.

discount.

In particular, they say the call for them to wave through the A\$1.8bn (US\$1.4bn) sale of Bond Brewing Holdings to Bell Resources, an independently managed affiliate of Bond Corp, is an onerous request. It involves them giving up the protective covenants which give the bondholders their remaining vestige of control over the brewing assets. The Swan, Castlemaine XXXX and Toohey's brewing business is vital because it is the largest asset in the group capable of producing substantial earnings.

ings.
"People who hold just Bond

tis Hayward, specialist convertibles sales officer at James Capel, the broker which makes markets in both Bond Corp and Bell Resources paper.

In addition, they are being and stell Resources paper.
In addition, they are being asked to give up an interest payment due at the end of this month and approve a one-year moratorium on further payments. This means suspending immediate receipt of £4.8m and £11.5m on the two convertibles.

\$11.5m on the two convertibles directly concerned. The two issues convertible into Bond Corporation are a \$200m 5% per cent issue and a \$200m 6 per cent deal, both due to mature in 1997. They were lasted for Bond Finance Inter-

In return for a waiver, hold-ers would be given a promis-sory note which, in the event of the group's subsequent liqui-dation, would place them fur-ther up the ranking of credi-

However, according to Mr.
Peter Lucas, a director of Bond
Corp, if bondholders insist on
the payments and the group
has to be liquidated then the
money can be recovered later
to pay off higher-ranking credi-



Alan Bond: Empire faces complicated problems

A minority of investors wants Bond Corp to signal its good intentions by offering them some sort of buy-back

"A guarantee that subordi-nated holders will get a per-centage of any pay-out to senior and secured creditors would be one way Bond Corp could lend credence to its assertion that it will provide higher value to the securities than liquidators would," said Mr Chrite Hayward "This is a Mr Curtis Hayward. "This is a constructive suggestion; we want to see maximum value

for investors."
Bond Corp has ruled out such a deal on legal grounds, "We are offering a promise

that a precise proposal for the restructuring of the group will follow the sale of the brewing assets," Mr Lucas said last

However, the complicated problems faced by Bond Corp make it likely that the measures will be approved by most

Investors with a strong requirement for income-yielding investments would have sold their Bond interests long ago as the group's debt servicing problems began to

Many of the remaining hold-Many of the remaining non-ers also own paper in Bell Resources and stand to see a greater return on those assets if they vote through the brew-ery sale.

Tomorrow's meeting could be over before it begins if Bond Come folls to great the processory.

Corp fails to gain the necessary

or the first resolution on the sale of the brewing assets, it needs a 75 per ent majority from holders of cent majority from holders of half the issues by value. For the coupon waiver, a stiff 66

per cent quorum must give a 75 per cent approval.

If the meeting is inquorate, Bond Corp can quickly call an adjourned meeting where much smaller participation is required. In that event, the easures are likely to be



Co-Steel Inc.

has acquired all of the minority shares in

Sheerness Steel Company plc

for a total consideration of

£34,200,000

The undersigned acted as financial advisor to Co-Steel Inc. in this transaction.

The Hathaway Corporation

Singapore to double limit on bank holdings

By Gordon Cramb

SINGAPORE is to double the limit on the holding foreigners can own in local banks to 40 per cent of their capital, according to Mr Lee Ek Tieng, managing director of the Mone-tary Authority of Singapore (MAS), the country's quasi-central bank.

Overseas investors have been enthusiastic buyers of the banks' shares - but the news yesterday caused consternation. Shares registered as being foreign-held are traded separately and had commanded premiums of as much as a third over their locally owned

In London trading yesterday,

foreign shares in OCBC, one of the island's Big Four banking groups, plunged to \$39 from \$\$10.80, although they remained above the \$88.35, price for locally hald units. Mr Lee, although giving no timetable, said: "In view of the recent developments in the capital market and the greater maturity of the banking indus-try, a rationalisation of the for-eign ownership limit . . . was

considered necessary."
The existing limit of 20 per cent on finance companies would remain, as would the 5

would remain, as would the bear cent ceiling which any single group of foreign shareholders could own in a bank.

Mr Mike Franklin of Singapore-based Kim Eng Securities said: "It might be several months before the premium builds up again."

The Power

These securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applica cion from the registration requirements. These securities having been previously sold, this announcement appears as a matter of record only.

2,790,000

Rule 144A American Depositary Shares ("ADSs") Representing

930,000 Class B Shares

Atlas Copco AB
(a Swedish Corporation)

The Offer Price was \$17.60 per ADS

This issue was part of the international offering of 4,000,000 B Shares.

The First Boston Corporation was the regional lead manager of the offering of the Rule 144A ADSs in the United States under Rule 144A to Qualified Institutional Buyers.

The First Boston Corporation

Dillon, Read & Co. Inc. Morgan Stanley & Co.

Goldman, Sachs & Co. Salomon Brothers Inc

Global Coordinator Enskilda Securities

More than a tombstone, the successful completion of this transaction is a milestone. This is the first U.S. equity offering under the SEC's new Rule 144A. For international corporations, it

takes the promise of far greater access to the U.S. markets and makes it a reality.

It is no coincidence that the U.S. lead manager is First Boston, the CS First Boston operating company in the Americas. We played a leading role in developing Rule 144A. The fact is, we were the first investment bank to recognize and aggressively promote the benefits of Rule 144A.

For many international issuers, it offers access to the world's largest pool of funds at a lower cost of capital.

For qualified U.S. institutions, Rule 144A broadens the selection of investment opportunities provided by leading international companies.

CS First Boston is ideally positioned to have led the development of the Rule 144A market. We pioneered globalization of the world's capital markets to benefit clients around the world. Today these clients have made us the leader in international public and private equity offerings, worldwide.

National Australia Bank quits stockbroking sector By Bruce Jacques in Sydney

NATIONAL Australia Bank (NAB), one of Australia's Big Three private banks, is quit-ting the country's troubled stockbroking industry. Mr Nobby Clark, NAB man-

iging director, amounced yes-terday that the bank would withdraw from Melbourne-based A. C. Goode, its whollyowned stockbroking arm which is one of the country's oldest broking firms. Mr Clark said this followed a

review of activities and the decision to focus more sharply on core banking. He said all options for Goode were being reviewed and it is understood that the broker will not close immediately.

But industry operators indi-cated that the bank was mlikely to find a buyer for its Goode equity, and ultimate clo-sure was therefore considered likely.

The NAB bought Goode in the late 1980s as part of a rush by Australian operating banks into the then healthy stock-broking industry.

But dwindling market turnover has seen nearly 20 per cent of Australia's former 100-plus broking firms wither over the past 18 months, either through merger, severe curtail-ment of operations or closure.

Goode is the first such firm owned by a Big Three bank to be put directly under threat, and this has raised concerns about the commitment of the true of the ready and the commitment of the true of the ready and the commitment of the true of the ready are the ready and the commitment of the true of the ready are the ready a two other main private banks to their stockbroking

operations.

Westpac has recently drawn
Ord Minnett, its 100 per centowned Sydney broker, further
under its direct management
and ANZ's Melbourne broking
operation, ANZ McCaughan,
has trimmed its operations.

X

Candinavian Finance B.V. US\$70,000,000

Floating rate serial notes due December 1993. Gastamered on a subordinated basis by Scandinavian Bank Group

freedpowerd in England with limited hability) for the six months 27 June 1990 to 27 December 1990 in accordance with the provisions of the notics, notice is hereby given that the rate of interest has been fixed at 8½ per cent and that the interest granthe on the relevant interest payable on the relevant Interest payment date.
27 December 1990 against
Coupon No.14 will be US\$348.21
per US\$8,000 note.

Agent: Morgan Guaranty Trust Company 15Mergan

Malaysian offer oversubscribed

EDARAN Otomobil Nasional (EON), the sole distributor of the Proton Saga, Malaysia's national car, said yesterday that its public offering of 13.1m shares was 22 times oversubscribed, AP-DJ reports from Kuala Lumpur.

Kuala Lumpur.

The government-controlled company floated 30 per cent of its 120m shares at M\$4.30 each, allotting 18.7m units principally to state investment funds pally to state investment funds and about 42m shares to its employees and car dealers. EON received applications for 301.8m shares in the public offering. The company is expected to be listed on the Kuala Lumpur Stock Exchange

by mid-July. The offering reduces the Government's stake to 49 per cent from 65 per cent.

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INTERNATIONAL CAPITAL MARKETS

US Treasuries rebound as Bush backs tax increases

By Janet Bush in New York and Stephen Fidler in London

AUSTRALIA

economic and monetary unifi-

The market was supported

Futures Exchange closed at 83.39, compared with the day's high of 83.45, and 82.76 at the

opening today.

The rally in the German

finance a FFr15bn to FFr17bn

investment programme this year, including several possible foreign acquisitions.

Générale des Eaux's main

domestic competitor, Lyon-paise des Eaux, recently

FT/AIND INTERNATIONAL BOND SERVICE

Générale des Eaux to raise FFr4.5bn

cation next week.

US Treasury bond prices ended the day with modest gains after rising sharply in the morning following a statement by President George Bush acknowledging the need for tax revenue increases which raised revenue increases which raised hopes of an accord to cut the US budget deficit.
Prices had opened little

changed from Monday's sharply lower closing levels, but then rose strongly after the Bush statement, before falling back in the afternoon.

In late trading, the Treasury's benchmark long bond

was quoted 1 point higher to yield 8.51 per cent after gaining % point to yield 8.49 per cent earlier in the day. Short-dated maturities, which at mid-session were up by as much as & point, ended the day with gains of around & point.

President Bush said that rev-

enne increases would have to be part of any responsible defi-cit reduction package. Demo-cratic leaders responded

GOVERNMENT BONDS

The clear deterioration in the budget shortfall coupled with the enormous costs of the thrift bail-out have weighted the bond market down with

record supply.

The rally yesterday morning wiped out Monday's losses which came on concern about this week's supply. The buying was a mixed blessing as it depressed yields in advance of yesterday's record \$11.25bn sale of two-year notes.

yesterday's record \$11,250n sale of two-year notes.

At Monday's higher yields, dealers had been quite confident about the two-year auction. The real test of final demand, however, is expected to be the \$8.25bn four-year note sale today because of the longer maturity.

By George Graham in Paris

COMPAGNIE Générale des Eaux, the leading French

water and services group, is to raise FFr4.5bn through an lease of convertible bonds with

BENCHMARK GOVERNMENT BONDS 94-18 +03/32 12.94 12.58 12.75 94-07 +03/32 11.95 11.83 12.20 85-20 +15/32 10.67 10.93 11.21 4/93 5/90 10/08 8.875 05/00 8.750 05/20 102-06 + 12/32 8.54 102-16 + 17/32 8.52 87.2122 +0.359 7.14 T.US 92.0371 +0.145 6.71 6.68 No 119 4.800 No 2 6.700 7.750 02/00 93.8000 +0.350 8.71 8.86 8.76 96.4126 +0.176 0.97 10.13 9.83 93.1900 +0.300 9.58 9.79 9.81 FRANCE BTAN 9.000 02/96 OAT 8.500 03/00

12-000 7/99 91.9703 +0.145 15.57 13.60 15.45

9.000 05/00 100.8700 0.340 8.86 8.99 8.96

93.7800 +0.830 10.77 10.97 11.30

market outpaced those in France and Holland, with the yield spread to the 10-year OAT PRICES on most of the main government bond mar-kets rose yesterday.

Most markets were aided in the European afternoon by the rally in the US market followwidening to about 90 basis points and to the equivalent Dutch maturity to about 17 ing the comments from Presi-dent George Bush that any budget cut package should

STERLING government bonds rallied by up to % point. One of the benchmark long bonds — the 2003-07 — closed % point higher at 103% to yield incinde increased tax revenues.
However, the better tone in most markets tended to reflect individual domestic conditions. In West Germany, prices closed half a point higher. West German institutions appeared to be building positions before the end of the half-year and shead of German economic and momentary unif-11.21 per cent.

Dealers said the strength of

sterling provided the main sup-port for the market, with expectations continuing that Britain would soon join the exchange rate mechanism of the European Monetary Sys-A report that the Japanese

The market was supported by new figures showing a 0.9 per cent drop in input prices in May, and a rise in the M3 measure of money of 4 per cent in the year to May, putting the aggregate at the bottom of its target range.

The Bund future on the London International Financial Futures Rychange closed at Post Office would diversify its foreign bond holdings, particularly into higher yielding markets, also helped the market.

■ THE Japanese market closed higher after keen bidding in the auction of Y800bn of 10-year bonds — the 8.4 per cent No.129 issue.

The issue is likely to be the new 10-year benchmark.

Immohed a Proton convertible

The two companies have invested in other European countries, notably in the UK, where they have stakes in sev-

THE STATE OF THE S

banks renew demand for deregulation By Stefan Wagstyl in Tokyo

Japanese

A JAPANESE government advisory body has reiterated its demands that barriers should be brought down. between different types of financial institutions, including those between banks and securities companies.

A committee of the Finan-cial System Research Council, which reflects the views of the banking industry, issued a report yesterday recommend ing deregulation. Its proposals echo a similar report issued by the committee a year ago, including two alternatives for institutions to enter new business - through comprehen-sive investment banking subsidiaries, or through specific subsidiaries, one for each new

The council's recommendations are more positive than the report issued earlier this month by a committee of the Securities and Exchange Coun-cil, an advisory body on which securities companies are strongly represented, which said banks could only be allowed into the securities industry on restrictive condi-tions. It also ruled out allow-ing banks into broking, the biggest field of business for

securities companies.

The gap between the opinions of the securities companies and banks remains large, However, indications that the movever, indications that the Ministry of Finance wants to see progress have forced the securities industry to start discussing the issues.

Previously, securities companies refused to start discussing the entry of banks into the securities industry.

securities industry.

The ministry has hinted it wants reforms in place by 1993. But the plans could be delayed. The next step will be for the two councils to meet to explore common ground, pos-sibly in the autumn. The banks' chances of accel-

erating change are under-mined by the tensions between different kinds of bank. The leading city (commercial) banks would like to hasten deregulation to make maximum use of their large branch

However, long-term credit and trust banks, with far fewer branches, are concerned about being swamped by the city banks. Yesterday's report reflected their concern, saying that deregulation would have to take account of differences in size and branch natwork. This could mean giving long-term credit banks and trust banks advantages in entering new fields – includ-ing securities – although the

report is not specific.

However, the committee is strongly in favour of banks being allowed into all fields of the accurities industry, includthe securities infustry, includ-ing retail broking. Objections from securities companies — as expressed in the Securities and Exchange Council commit-tee's report — could be met by moving ahead slowly and introducing safeguards, the committee says.

SBC moves into Polish finance

By David Lascolles,

SWISS Bank Corporation is taking a 23 per cent stake in the Polish Investment Company, a London-based company specialising in Polish corporate finance.

The bank says the investment will enable it to participate more directly in the changes arising in Poland as a result of economic reform.

changes arising in Poland as a result of economic reform.

PIC was founded by six Poles with experience of western finance, and has offices in London and Warsaw. It advises the Polish Ministry of Industry on economic restructuring, and three Polish banks on strategy.

The cost of the stake is £1.2m (\$2m). PIC will engage in fund management and corporate finance, and will mo-

porate finance, and will pro-vide help for western busi-nesses seeking to set up joint ventures in Poland.

Crédit Suisse takes US stake

By William Dullforce

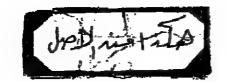
CREDIT SUISSE has acquired 80 per cent of BEA Associates of New York which manages a portfolio of almost \$10bn of assets and is among the top 25 in the US pension fund business.

The price paid was not dis-closed and is understood to be partially linked to perfor-mance over the next three

made over the next three years.

The deal is subject to the approval of US supervisory authorities but is expected to be completed before the end of the year.

5-144 pg



FINANCIAL TIMES WEDNESDAY JUNE 27 1990

INTERNATIONAL CAPITAL MARKETS

Renault Credit launches FFr700m three-year deal By Tracy Corrigan

LOWER interest rates in the of less than seven years. French bond markets per-suaded another French comsuaded another French com-pany to tap the sector.

Renault Credit International brought a FFr700m three-year Burohond offering. The 10½ per cent bonds were issued via Banque Nationale de Paris.

French companies appear to be taking the view that inter-

est rates are at or near their Yields have fallen a further 20 basis points during the last week, despite a lack of aggres-

sive buying.
Saint-Gobain, the French
glass-maker, increased its fiveyear issue to FFribn on Monday, and Moët Hennessy Louis
Vuitton, the French drinks and luxury products group, is expected to bring a FFribn issue of five- or seven-year

Also in the French franc sec-tor, Interfinance Credit National issued FF1500m of zero coupon bonds with redemption linked to the CAC

French stock index.
In the equity-linked sector,
Thermedics, a US technology company, brought a \$30m issue of convertible subordinated debentures, some of which will be placed in the US under the recently-introduced rule 144A, which allows private placements there to be traded more actively.

A public issue in the US would have been more likely to depress the company's stock price, according to Lehman Brothers International, the lead manager. The company has a market capitalisation of \$150m

bonds shortly.

Investor demand is mainly from France, prompting some dealers to suggest that the issues are domestic bonds in Eurobond form.

French domestic bonds cannot have maturities

The proceeds will be used to fund the development of several new products, including a nitrogen-based bomb detector. The bonds are convertible into shares at a price of \$15%, a 10.6 per cent premium to Monday's closing share price

on the American Stock

The issue was bid at its issue price of par. Meanwhile, another Mexican borrower tapped the D-Mark

Banco Nacional de Comerceo Exterior, the Merican state-owned bank, brought a DM100m issue of five-year bonds, which carry a coupon of

11 per cent.
The high coupon attracted mainly retail investors. The issue was bid at less % point, substantially within 2 point

• CANADA'S Andre Perry Group is offering to buy back its 5.5 per cent 995 Swiss franc convertible bonds which were declared in default in May 1889, Banque Indosnez said as

Originally a total SFr25m was issued but the amount out-standing is only SFr14.95m. Investors accepting the offer must present their bonds to Banque Indosuez in Geneva by July 6. Settlement date will be

WE	WINTE	RMATIC	MAL	BOND	ISSU	ES
MOTORIEF PREMICH PRANCS	Amount m.	Coupon %	Price	Neturity	Feee	Book runner
Remault Credit Int.(a) Interfin.Credit National(b)	700 600	10 ¹ 2 Zero	101 3 ₈ 100	1985 1986	1월/월 2/1월	BIP BIP
Banco Nac. de Comerceo(a) •	100	11	100	1995	2/11/4	Swites Bank Corp(Germany)
YEN Asahi Brawaries(a)◆	20bn	7	101,80	7588	15/14	Daiwa Europe
US DOLLARS Thermedics Inc.(c))	30	612	100	1998		Lehmen Brothers Inc.
(Convertible, oFinal terms, a) Conversion price: \$15 % with con	Non-callable. nvarsion premi	b) Redemption of 10.8%	on linked over Mo	to CAC-40 inday's close.		

Code boosts US swaps market

By Deborah Hargreaves

THE US swaps market has received a boost from an amendment to the US bankruptcy code which was signed by President George Bush on Monday. The amendment enforces netting provisions for swap agreements in insolven-

Netting provisions reduce the risk of portfolios of swaps and related off-balance sheet

This reduces potential redit exposures of hundreds of nillions of dollars," said Mr lark Brickell, chairman of the Association. The swaps market has been

one of the most successful financial innovations of the 1980s and has reached a current level of \$1,000bn. ISDA has been active in trying to ensure the enforcement of its netting provisions on a global basis since it underlines the credit-

worthiness of the market.
The provisions would net out the swap values between two counterparties in the event of one party going bankrupt. This reduces the exposure of the

FT-ACTUARIES SHARE INDICES

International Swap Dealers non-defaulting party in the wan contract.

Since the new law reduces the credit risk of holding portfolios of swaps, it reduces the amount of capital needed by financial institutions to support the contracts. Along with other changes in the bankruptcy code dealing with high volume capital transactions, the act should lead to greater availability of the products for US-based end users, commented Mr Jack Brooke, a member of the US House of Representatives. Since the new law reduces

Matif sets date for Ecu bond **future**

By Dobornh Hargrenvos

MATIF, the French futures MATIF, the French futures exchange, will launch its long-term Ecu bond futures contract on October 18 in a move that makes it the first exchange to trade a derivative product based on Ecu bonds. UBS Phillips & Drew, the UK arm of the Swiss bank, announced a similar product to trade on the over-the-counter market last week.

Matif's contract will be Matif's contract will be based on large, liquid issues of Ecu bonds. For its first futures contracts — which mature in December this year and March 1991 — the exchange will accept only two French OATs which are demonstrated in Ecu. These contain over Eculon —

These contain over Ecuibn—the latest was tapped by the French Government yesterday. The contract, which will have a face value of Ecuioc.000, will contain six to 10-year maturity bonds. Mr Gerard Pfanwadel, Matif chairman, said the exchange is unlikely to accept issues containing less than Ecuiba. It will accept bonds issued by other sovereign states and supransitional bodies such as the European Investment European Investment Bank as long as they are big

The bonds for delivery into the contract will not be judged on size alone: the Matif says it on size alone: the Matif says it will ensure there is a liquid cash market for the bonds before it includes them. It will also be looking for market-makers committed to making prices in an issue.

The Ecu product will be attractive to participants in the Eurobond market as a way to hedge their bond holdings. Mr Pfauwadel says he believes the derivative will fertilise the

the derivative will fertilise the cash market and encourage more Eeu boul levers.

Barclays appoints managing director

BARCLAYS de Zoete Wedd Investment Management has established an investment fund management business in North America and appointed Michael Horsburgh managing director of the new collect, Reu-

Open outcry from Chicago's pits

Barbara Durr on fears of electronics and the race to non-stop trading

EAR of the unknown has begun to stalk Chicago's boisterous futures pits following the agreement between the Chicago Board of Trade and the Chicago Mercantile Exchange to collaborate rather than compete in the development of an after-hours

electronic trading system.
The CME's Globex system, developed by Renters, is already advanced compared to the CBOT's Aurora system. But now the two will marry

But now the two will marry and the joint product is due for launch later this year.

Many traders feel the advent of electronic trading spells the end of the open outcry system and with it a way of life, despite both exchanges having taken pains to assure traders that the pits will be safe from encroachment by screen trading.

agreed to the development of computer trading provided it At the CME, for example,

members agreed in 1987, when the Glober system was first put in hand, that exchange products could not be traded electronically while the pits were working for another 18

But the uneasy feeling on the trading floors is that once it comes, the currently planned initial programme of 12 hours trading — 6pm to 6am — will quickly be extended to a full round-the-clock day.

Long-time traders bemoan

the electronic revolution. Mr Patrick Arbor, a CBOT board member and chief of trading for LIT America, is more prag-matic. Mr Arbor says that given the proliferation of elec-tronic exchanges around the world, screen trading had to

come to Chicago.

"The world marches on and you can't do things the way they were done 140 years ago,"

Part of the trading floors' reaction is Luddite-like resis-tance to the machines. But this

tries that have gone electronic and the futures trading will in the end prove no less malleable, according to officials at Globex and Reuters.

Yet adaptation to computers is not the main difficulty for most traders, who are more concerned about a loss of actual livelihood. Those most affected and least enthusiastic about screen trading are the smaller independents, known as locals.

"There's an enormous conflict of interest between the locals and the major clearing firms," said one CBOT local trader. The hig clearing houses want large volume trading which can be done on screens, and locals fear they will be

ocals, who comprise about two thirds of the pit trading population, are the heart of the Chicago markets. They provide a critical share of liquidity and competition, which will be solely missed should the advent of

the MSE trading day, none of

this business has come to the MSE. There have been prob-

lems with technology, but exchange officials believe the main reason has been broker-

of business. It will cost \$1,000 a month to rent a Globex/Aurora terminal: this may be beyond the means

of many local traders. Yet, the locals see the writing on the wall and it rankles. To address the problem, at least partially, the CME is attempting to draw in larger locals with an incentives programme to make it cheaper for them to use the equipment.

But most will not join in. As long as screens are only used for after hours trading, the division of the trading community into big and small is not likely to erupt into anything more than loud grum-bling.

But those who have finely honed their pit trading skills to know with a sixth sense which way the market is going and then to jump on it may find, sadly, that those abilities are no longer needed. A colourful and frenetic subculture could be on the brink

US exchanges race for 24-hour trading

A to achieve 24-hour, worldwide electronic A worldwide electronic trading is about to start. Two new systems have jostled their way to the starting gate in recent days, joining two other earlier entrants.

The New York Stock Exchange (NYSE) plans afterhours electronic trading consisting of three night-time and

nous electronic training con-sisting of three night-time auc-tions. The Chicago Board Options Exchange (CBOE), the American Stock Exchange (Amex), and the Cincinnati Stock Exchange (CSE) are get-ting together with Renters to that worldwide after hours electronic trading in options and conities.

electronic trading in options and equities.

These moves follow efforts under way by the Chicago futures exchanges, which are developing the Globex onscreen trading system in an effort to expand their trading frontiers, and the National Association of Securities Deslers (NASD), which will upgrade its information link to SEAQ International, the fortum for foreign stocks in London.

US exchanges are thus jock-US exchanges are thus jock-eying for position in a future which no one has seen or known for sure will work. However, the betting among securities industry executives is that investor demand will prove durable and that success will depend on who offers the best, east costly service.

Yet, while a taste for IBM at

2am could well be acquired in time, there is much scepticism in the securities industry about all-night trading. The only after hours electronic trading system to test demand so far a programme begun last year to trade baskets of stocks at

ages' desire to save on the SEC's trading fees, which are charged for all trades recorded in the US. The MSE experiment would seem a bad omen. Other toes will go in the water before the NYSE and CBOE group systems start -their launches are planned in The betting among securities industry

executives is that investor demand will prove durable and that success will depend on who offers the best, least costly service

the Midwest Stock Exchange (MSE) in Chicago - has been slow to get off the ground.
Officials at the MSE, the largest US regional exchange, say that they had expected to pick up some of the 10m to 20m. of share trades recorded daily in London. A significant portion of these trades are done during normal hours in the US. But despite the extension to

1991 and by 1993, respectively. The NASD plans to begin pre-dawn trading on September 1 of up to 700 securities. It will begin at 3.30am in New York to coincide with the 8.30am open-ing bell in London and run until one half hour before NASDAQ's open at 9.30am. The CME is hoping to get Globex into action in November. This system looks the best prospect

foreign currency futures, for example, look assured of a worldwide, round-the-clock market. And US Treasury bond futures will also be added when negotiations with the ation of its electronic trading system with Globex.

espite this, even Glober has had trouble con-vincing some of the larger trading houses to buy in. Many have taken a "wait and see" attitude. Even those who have already plunged, with commitments for equipment and training of staff, still have their fingers crossed in the hope that they have not

made a costly mistake.

But the most obvious win-ners in all this are probably the equipment and systems producers, such as Reuters. It developed Globex, based in part on its own currency Dealing 2000 system, and it will now build the host computer for the CBOE on which the CBOE, Amex and CSE listings will trade. It will also provide both systems' worldwide elec-tronic networks and charge

CALLS POTS
Ang Oct Dec Ang Oct Dec

1250 634, 103 140 404 584 674 1300 394, 79 113 69 86 434

60 14 15 17 1 5 6 70 7 10 13 7 10 12

일시에 무기식도 (ROEX (*2440) 1525 대가 구독 27% 전략 제가 보통 기계

LONDON MARKET STATISTICS

	EQUITY GROUPS		Tuesd	iay Ju	ne 26	1990		Mon Jon 25	Fit Jun 22	The Jun 21	catalacan ado Amer
'le	& SUB-SECTIONS les in parentheses show number of	Index	Day's	Est. Earnings Yield%	Gross Div. Yield%	Est. P/E Ratio	nsi adj. 1990	Index	bóx	fadex	Index
	stocks per section	Mo.	Change	(Max.)	(Act at (25%)	(Net)	to date	. No.	No.	No.	Ho.
ılı	APITAL GOODS (198)	906.53	+0.4	12.52	5.07	9.49	19.75	902.71	899.01	896.27	965.25
ווכ	Intidios Materials (27)	.11163.601	+0.1	13.36	5.17	9.26	27.29	1162.13	1144.72		
31:	Contracting, Construction (36)	1483.12	+0.8	16.22	5.56	8.02		1471.96	1447.54		2866.13
4	lectricals (10)	2628.85	+0.4	10.82	5.06	11.37 12.61	61.43 26.12	2619.46 1809.08	2627.99 1801.39	1807.90	2208.9
5	lectronics (29)	1808.90		10.28 13.63	4.17	B.74	9.54	473.74	473.03	469.41	0.00
ፅ	ngineering-Aerospace (8)	502.64	+0.4	11.70	5.00	10.31	10.10	498.84	502.08	501 18	0.00
31	Engineering-General (43)		+0.8	23.23	6.65	5.10	16.45	501.56	51L07	SIA76	518.4
	Metals and Metal Forming (6)		+0.4	14.71	6.10	7.92	9.81	376.61	374.75	372.75	328.96
7	Motors (15) Other Industrial Materials (24)	1641 00	+0.6	10.79	4.90	10.70	36.58		1625.88		164L7
	Diser indistrial Materials (27/ Disumer Group (179)	1 330 90	-0.1	9.18	3.79	13.46	20.52	1302.71		1315.46	1250.60
2	Brewers and Distillers (22)	1629.69	-0.2	9.34	3.56	12,95	23.76	1633.66		1619.60	
×	Food Manufacturing (20)	.11122.971	-0.5	10.18	4.27	12.16	19.91	1128.13	1123.00		
Ы	Frod Retailing (16)	2546.22		9,11	3.23	14.09	33.61	2546.65	2508.17	2482.74	2362.5
777	lealer and Maurahold (15)	17572 BB1	-0.2	6.69	2.69	17.79	25.10	2011.71		2535.24	2303
	elsure (31)	1527.66	+0.2	9.58	4.05	12.70	24.42			1507.35	562 9
ш	Parkaning & Parker (13)	J 616.27 I	+0.4	20.05	5.58	11.37	12.94	613.68 3535.11	613.65 3579.97	614.21 3585.87	TALK
21	Publishing & Printing (16)	13592.36	+0.2	10.12	5.13	12.34 12.21	15 80	856.98	145.67	836.15	127.67
게	Stores (54)	854.76	-0.3	10.48	4.38	10.26	18.26	502.65	504.03	504.39	539.3
텛	Textiles (12)	506.65	+0.8	12.48	7.07 4.86	11.22	17.19	1215.52		1203.84	
40	OTHER GROUPS (104)	1215 18	+0.1	10.73	2.23	20.81	15.27	1720.37	1723.27		
42)	Agencies (17)	1709.99	-0.6 -0.1	10.71	5.03	10.92	31.39	1317.00	1309.63		1325.80
:31	Chemicals (23)	1710 16	+0.1	10.03	5.83	11.94	31.95	1708.88	1707.72	1706.28	1667.77
	Conglomerates (14)	2338.56	+1.0	10.50	4.41	12.08	17.77	2315.52	2305.46	2301.57	2181.62
켔		1247.18	+0.1	10.93	4.51	11.89	3.78	1245.37	1233.01		1135 10
47	I CLERKING INCOME INCOME.	1967.32	+0.3	16.42	6.8	6.80	0.00	1961.95		1929.81	0.00
	Water(10)(25)	1843.28	+0.2	11.73	4.78	9.72	37.62	1839.46	1831 11		
		1201.81	+01	10.54	4.44	11.57	19.89	1200.60	1193.27	1188.81	1168.49
	INDUSTRIAL GROUP (481)	2339 07	+0.4	12.05	5.28	10.96	46.50	2328.91	2319.00	2317.92	2125.53
	Oil & Gas (19)			10.75	4.55	MA	22.08	1295.81	1286.04	1283.80	1249.56
	500 SHARE INDEX (500)	1297.52	+0.1	19.75	5.60	~	21.09	814.88	806.23	805.12	739.62
61	FINANCIAL GROUP (107)	815 82	+0.1	-0.04	6.21	6.91	25.12	867.42	852.20	850.00	737.82
62	Banks (9)	865.72	-0.2	18.96	4.96	0.72	36.94	1475.59		1445.31	
65	Insurance (Life) (7)	1481.48	+0.4		5.80	_	19.43	711.37	704.99	706.61	562.14
66	Insurance (Composite! (6)	1 712.64	-03	8.49	6.39	15.52	11.64	1025.34	1034.39	1036,41	972.19
67	Insurance (Brokers) (7)	1022.07	-0.3		4.59	-	10.76	442.62	448.55	450.12	332.60
ପଧ	Merchant Banks (7)	1094.61	+0.7	8.24	4.29	15.57	19.54	1086.89	1079.21	1078.99	1320.3
04 70	Property (47)	298 73	+0.1	12.47	6.49	10.47	7.47	298,48	299.04	298.55	354.69
	Other Financial (24)	1221.68	+0.5	_	3.19	-	15.35	1216.07	1221.31	1224.69	
71	Investment Trusts (67)	1444.56	+0.9	9.61	6.33	12.47	44.49	1431.97	1431.80	1432.56	
끅			+0.1		4.67	-	21.57	1179.39	1171.96	1168.67	1124.67
99	ALL-SHARE INDEX (679)	1181.10				Jan .	Jan	Jan	Jun	Jas	Уем
		Index	Day's	Day's	Day's	25	22	21	20_	19	ago
		No	Change +1.3	High (a)		3390.5			2371.2		2306.4

FIX	ED !	NTE	REST	Г			AVERAGE GROSS REDEMPTION YII	1.05	Tae Jun 26	Mon Jun 25	ag (appn
PRICE INDICES	Toe Jun 26	Day's	Mon Jun 25	xd adj. today	xd adj. 1990 to date		Coupons 15	years	10.55 10.54 10.54 11.87	10.91 10.55 10.49 11.87	9. 9. 9.
5-15 years Over 15 years	115.87 123 18 127 25	+0.16 +0.17	115.87 122.98 127.04 146.00		6.27 6.91 6.15 7.35	6	Coupons 15 25 High 5 Coupons 15	rears	10.99 10.65 11.97 11.24 10.87 10.52	11.02 10.65 11.97 11.27 10.89 10.47	9. 11. 10. 9.
All stocks	145.38 122 68 146 58	+0 10	122.76 146 52		6.70 1.49 2.03	11 12	Index-Linked Inflation rate 5% Inflation rate 5% Inflation rate 10% Inflation rate 10%	Up to Syrs Over 5 yrs Up to 5 yrs Over 5 yrs	5.26 4.16 4.16 3.98	5,27 4,16 4,16 3,98	3.1 3.1 3.1
All stocks	138 84 139 51	+0 01	138.84 139 30		1 99 6.11	15	Debs &	5 years 15 years 25 years	13.34 12.86 12.86	13.49 12.85 12.85	12. 11. 11.
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Totals	•••••			***************************************		79	9 9	S85	1552		is. Aliveign 116)		_	4 4 7 X		2 34	Ultramer	330 18 360 5 390 2	33 47 18 33	7	14 17 25 25 43 -	
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SHARES IN Reliant Group, the USM-quoted vehicles and property group, fell 5p to 12p yesterday after the company reported a pre-tax loss of £4.2m on turnover of £10.1m in the six months to March 31

The Staffordshire-based company also announced its planned acquisition of a plastics moulding company for £1.9m and deeply-discounted rights issue to raise £5.5m

Best known as the maker of the three-wheeled Robin, Reliant hopes to build export mar-kets for the Metrocab taxi, for which it bought the manufacturing rights from the Laird Group for £4m last

Reliant was the subject of a reverse takeover in May last year by two housebuilding companies, Wiseoak and Belmont Homes.

Mr Carl Turpin, Reliant's chief executive, said the property division suffered an operating loss of £1.8m, reflecting the severely depressed state of the commercial and residential property market and the board's decision to dispose of property assets at a discount to book value in order to reduce borrowing. The group as a whole paid interest costs of

£1.6m. The industrial division made an operating loss of £476,000, after capitalising £705,000 Metrocab start-up costs. Mr Turpin said that Reliant was continuing its programme of reorganisation and rationalisation and output of the Metrocab had increased in the group's new purpose-built production facil-ity.

Prospects for the industrial expected to produce signifidivision were very encourag-ing, he said, with strong demand for the Metrocab, a successful launch of the SST sport car, and continued sales Reliant also said it had an

option to acquire Ex-Press Plastics, which specialises in the moulding of glass reinforced plastic pro-Ex-Press employs 120 people at Loddon, near Norwich, and

Oswestry, Shropshire. The initial consideration is £1.9m and a profit-related deferred payment is not expected to exceed £600,000. Mr Turpin said the system used by Ex-Press was more efficient than that used by Reliant and would be espe-

cially suited for pressing

doors, bonnets, boots and wings for the Metrocab. It was

cant cost-savings for the

Under the rights issue, existing shareholders will be entitled to 59m new ordinary shares at 10p per share on a one-for-one basis. The issue has been fully under-written by the stockbroker Sheppards.

Mr Turpin said that gearing, which had been over 200 per cent, would come down to 180 per cent after the rights issue and he hoped to reduce it to 60-70 per cent by the

In the current year property will account for 40 per cent of group turnover, with 60 per cent on the industrial side. However, Mr Turpin said he hoped to raise the industrial proportion to 80 per cent by 1991 and to continue to wind down the property business.

ERF slides into second half loss

By Kevin Done, Motor Industry Correspondent

ERF (HOLDINGS), the last remaining independent publicly-quoted UK truck maker,
plunged into loss in the second
half of the year to March 31
and is cutting its total dividend

ERF has suffered an plunged into loss in the second half of the year to March 31 and is cutting its total dividend

Pre-tax profits for the full year fell by 58 per cent from a record £7.84m to £3.27m on a record £7.84m to £3.27m on
It suffered a pre-tax deficit
turnover which dropped by
of £474,000 in the second half

The company is still oper-

abrupt change of fortunes in the face of the steep recession in the UK truck market. of the year against record profits of £5.2m in the com-

DIVID	ENDS	UONNA	NCED

	Current payment	Date of payment	ponding dividend	for	last year
Amber Imdustrialfin	11.6	Aug 13	9.75	16	13.5
Angle UnitedIn	1.2	Oct 1	1	1.47	12
Aukett Assocsint	1.5	Aug 16	1.25	-	4
Avescofin	1	Oct 6	1.125	1.67	1,125
Beckenham 4int	1.5†	Aug 1	1.5	-	3
Debenham Tewson .fin	5.3	Aug 23	5	7.7	7
Fobel intifin	0.3	_	0.55	0.1	0.65
Haimafin	1.136	Aug 17	0.873	7.843	1,417
LPA Industries fiint	1.65	Aug 6	1.5		3.2
Maxwell Commsfin	8.5☆	0d.2	6	35	18‡
Shelton (M) 🕯fin	1,75	Aug 20	1.5	2.5	2
Dividende about peace	ner sher	n net ever	os where	otherwise	atalad

parable period of the previ-ous year and profits of £3.74m in the first half of

Turnover in the second half dropped by 36 per cent to £59.84m.

The company said it was proposing a final dividend of effectively cutting the total dividend for the year by

a third to 10p.

The fall into loss in the second half resulted from a steep drop in ERF's UK truck sales which declined to 3,226 against 4,340 a year earlier. The big drop came in the second half as the recession in the UK truck market began to accelerate from the

began to accelerate from the final quarter of 1989.

ERF's UK truck sales in the second half were more than halved to only 1,184 compared with 2,484 a year saritur.

In response to the recession the company has cut its workforce from some 1,100 to 864, and for much of the year has been working only a four-day week with a much-reduced level of output. It is currently producing 9 trucks a day, five days a week compared with a peak of 21 trucks a day little more

than a year ago.

It is hoping to increase output to II a day in the second half of August.

ERF is pressing ahead with an ambitious investment programme of 56m over the next two years for retooling for a new cab generation to be launched in 1992.

The company has also been restructured in two impor-

 It has sold a 37.7 per cent holding in its South African truck assembly subsidiary to the South African Industrial Development Corporation which is paying about \$2m with an injection of new cap-

• It has also sold its ERF Plastics subsidiary to DSM, the Dutch chemicals group, for £3.3m cash and the transfer of £1.2m of bank debt. At the same time it has signed a long-term trading agreement with DSM for the supply of plastic components for its

UNITED

PRELIMINARY RESULTS FOR 12 MONTHS ENDED 31 MARCH 1990

- Coalite acquisition successfully integrated
- Excellent progress on disposals
- ▶ Pre-tax profits up 130%
- Earnings per ordinary share up 55%
- Dividends up 17%
- Anglo now second only to British Coal as the largest solid fuel distributor in the UK, and is a major manufacturer of smokeless fuels and chemicals
- Anglo well prepared to meet the challenge posed by the restructuring of the solid fuel industry and the increased stringency in environmental standards
 - Copies of the Report & Accounts will be sent to Shareholders on: Friday 29th June.
 - Further copics are obtainable from: H. S. Muirhead Anglo United plc Newgate House Broombank Road Chesterfield Derbyshire S41 9QJ

BSG Intl shares dip on profits warning

By David Owen

SHARES of BSG International slipped yesterday as the Birmingham-based car dealing, components and consumer products group warned that 1990 profits were unlikely to match those of the previous

Mr Astley Whittall, chair-man, told the annual meeting that pre-tax profit for the five months to May 1990 was less than that achieved in the cor-responding period of 1989, and is unlikely to be made up during the remainder of the

At the close, the shares were down 4½p at 56½p.

Mr Whittall said the group,
in which Sir Ron Brierley's
IEP Securities now holds just over 20 per cent, was continu-ing to experience a decline in its UK business because of the effect of high interest

New car registrations for the New car registrations for the first five months of the year were some 10 per cent below corresponding 1989 levels, he said. The group's vehicle dis-tribution and leasing business was accordingly running 10-15

per cent down.

Economic conditions had also sapped demand for the group's childcare products, prompting it to close its Letchworth pushchair and mursery furniture factory at the cost of laying off 184 people, Mr Whit-

tall said.

Finally, the trading performance of the aircraft interior equipment company had con-tinued to be affected by the high costs of manufacturing Boeing 737 lavatory compart-

Boeing 737 lavatory compartments. These costs had outstripped expectations, according to Mr Whittail, both because the associated learning curve had proved steeper than anticipated and because many of the compartments were not of standard design.

In 1989, pre-tax profits totalled £33.4m — an improvement of just £300,000 from the prior year's levels. Vehicle distribution and leasing accounted for £424.4m of the £639m turnover. The balance was comprised of automotive components, £114.7m, and coms, £114.7m, and consumer and special products manufacturing, £100m.

Fobel moves £120,000 back into profit

Fobel International made a profit of 2712,000 in the sec-ond half of 1989 and left the group with an overall surplus of £120,000 for the year, compared with a loss of E181,000. Mr Alan Leboff, chairman,

said the current year was again likely to show a first half loss followed by a strong second half perfor-

The dividend is 0.1p.

Consortium mounts rescue package for troubled Filofax

FILOFAX, the personal organiser company which last year lost nearly £1m, is planning to turn over a new leaf by recommending a consortium offer for 51 per cent of the group, followed by a £2.Im rights issue.

A consortium fund put together by Tranwood Earl, the financial services boutique, is mounting the offer which values the whole company at

The consortium of European and US institutional investors is bidding 30p for each share - just a quarter of the flotation price three years ago. Filofax shares rose 5p yesterday to match the bid.

The offer should enable Mr
David Collischon, chairman
and chief executive of Filofax,
to reduce his family's 63 per cent stake in the company to a cent stake in the company to a minimum of 8 per cent.

If the bidder wins more than 51 per cent of Filofax, surplus shares will be placed with institutions, enabling the group to retain its USM quotation. The five-for-nine rights issue is also pitched at 30p per share.

In the last 18 months, Filofax seems to have been hit by a slump in the popularity of its



David Collischon - family terest would be reduced

personal organiser and related products. In spite of last year's £800,000 promotional campaign to kill the product's "yuppie" image and exploit new markets, Filofax said yesterday that trading was now worse than in 1989, making it difficult for the group to operate within

its existing bank facility. Mr Collischon denied emphatically that Filofax was a fashion-led, one-product com-

He said research commissioned from KAE Development, a management consultancy associated with Tranwood, had found that the yuppie image was irrelevant. "The research showed the product was here to stay and the market was going to go on growing," he added.

On KAE's advice Filofax is going to use the rights issue proceeds to expand improve its distribution network for the organiser and pages outside Britain and pages outside Britain, and examine the possibility of new products carrying the Filofax

brand name.

If the recapitalisation plan is successful Mr Ray Rankmore, Filofax managing director, will take on Mr Collischon's role as chief executive, while Mr Richard Koch of Strategy Ventures KAE's principal partner — and three representatives of the Tranwood consortium will join the board. The consortium has proposed that Mrs Lesley Collischon and Mr Christopher Bostock should resign as direc-

Anglo Utd up as it digests Coalite

By Andrew Boiger

ANGLO UNITED, the fael distribution group which last July paid £478m for the much larger Coalite group, yesterday reported a 55 per cent increase, from 4p to 6.2p, in earnings per share in the year to March 31. Turnover, including an eight-month contribution from

eight-month contribution from Coalite, rose to 2534.2m (£120.76m) and pre-tax profits jumped from £6.6m to £15.3m. A final dividend of 1.2p makes a total of 1.4p (1.2p).

Net bank borrowings, which were £449m immediately after the bid, had been reduced to £920m by the wear-end. It mid £282m by the year-end. It paid £26.3m in interest during the

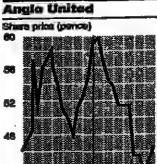
year. Mr David McErlain, chair-Mr David McEriain, chairman, said the group had so far raised £135m by the rapid disposal of Coalite's waste disposal, builder's merchant and quarrying activities. Coalite's stake in Sovereign Oil and Gas had also been sold for £6.6m.

Mr McEriain said he hoped to raise specifier £100m in the to raise another filom in the courent year. He would sell part of the group's property interests and its oil exploration assets. It had already amounted the intention to sell its 30 6 per cent stake in NSM its 20.6 per cent stake in NSM, the mining and building mate-

rials group, currently worth more than £40m. The integration of the solid fuel distribution side of Anglo and Coalite created the biggest distributor in the UK after British Coal Profits were higher than the previous year, in spite of one of the warmest winters on record.

Mr McErlain sald the liquid

fuel distribution business had



disposals raised £135m so far

been disappointing, with trading profits down 50 per cent on the previous year. The busi-ness was put up for sale, but that was reconsidered when it failed to attract a good enough offer. A new chief executive was cutting costs and aimed to increase profits algnificantly

during the current year.

The automotive division, which mainly distributes commercial vehicles in the north of England, held up reasonably well, given the adverse impact of high interest rates on the sector. That division was under review and might also be put

up for sale.

Trading at the Falkland
Islands Company was highly
satisfactory. Trading profits
were up 50 per cent and the company saw opportunities in servicing fishing fleets using the islands and oil companies involved in exploration.

Given the sticky ends which have been the fate of some highly-leveraged bids in recent nighty-leveraged bids in recent years, Anglo's digestion of Coalitie seems to be going fairly smoothly — in spite of the warm winter. A rapid series of disposals chased up the share price at the end of last year, but it has since driffed down. price at the end of last year, but it has since drifted downwards as the City looked to this set of figures. If anything Auglo appears to be ahead of actually and should be able to make inroads into its senior debt of £250m in the current debt of £230m in the current year. Even where Mr McErlain has changed his mind, as in deciding to hang on the fuel distribution business, he seems confident of finding big savings. Analysts are forecasting pre-tax profits of £29m for the current year. At yesterday's close of 46½p, up 1p, the shares are on a multiple of 6.4. That seems undemanding in view of the underlying strengths of the core business.

Record margins help Halma to £14.1m

HALMA, the environmental control and safety group, managed to push up margins to record levels in the second half of 1989-90, and reported profits for the year 24 per cent higher at £14.1m, compared with £11.4m

the company has inevitably been dubbed a "green" stock, but operates a range of subsid-laries specialising in a range of products including safety systems for large construction and oil-rig projects, fire detectors and water sterilisation

equipment.
Earnings per share rose from 8.12p to 9.74p and a final dividend of 1.136p is recommended, making 1.843p (1.417p) for the year. Group turnover increased to £78.1m (£61.1m).

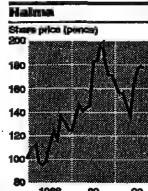
Mr David Barber, chairman, said that profit margins had risen to a record 19.7 per cent during the second half, and 19 companies of the 28 in the group had reported record profits. Margin increases had been achieved by moving away from

low-margin products, rather than increasing prices. The chairman stressed that Haima was involved in envi-ronmental markets before the recent interest in green issues. "In fact we are getting no more growth from green companies than we are from others. All our companies happen to sell to fairly buoyant markets." Halma also emphasised the cash-generative nature of the business. Despite apending £10m last year, about half on

acquisitions and half on capi-tal expenditure, Mr Barber said net cash had still increased by £1m during the year and the group would be looking for further acquisi-tions in existing or related

areas of activity.

Halma benefited during the year from an £850,000 (£297,000) extraordinary gain arising from the sale of two



1988 amali subridiaries.

. COMMENT Halma looks like a stock whose time has come. The spread of niche businesses, many devoted to environmen-tal improvement, is an ideal

conomic downturn which economic downturn which has struck other shares in the engineering sector. Individual companies are hit from time to time by depression in specific sectors; for example, one subsidiary manufacturing anti-shoplifting devices was suffering from the retailing decline in the first half but managed to pull itself round in the second six itself round in the second six months. There is perhaps only one snag for potential shareholders: several inves-tors seem to have spotted Halma's virtues already. The shares, 2p weaker at 177p yesterday, have risen strongly against the market since mid-May and stand on a mid-hay and stand on a mighty prospective multiple of more than 15, assuming pre-tax profits of about £17.5m this year. On the other hand, that still looks cheap if one assumes the greening of the market will continue.

Aukett pushes ahead 24% to £0.95m in busy year

By Peter Franklin

£8.8m in work done.

AFTER an active first half to end-March, Ankett Associates, the integrated architectural and building design company, reported pre-tax profits ahead 24 per cent to £947,000. This compared with £760,000 last time and came from a 52

per cent increase from £5.8m to

During the period the group

obtained substantial new assignments from existing customers, including Marks and Spencer and Sun Alliance. And subject to full local authority ratification, planning consent had been received for Bridge House in south-west London.

This freehold property,

BOARD MEETINGS

July 3 July 10 July 24 July 4 July 9 July 8

bought for 25m in a joint venture with 3i, is to become the main home for Aukett's integrated architectural, engineering and design teams. The company's plans to

expand in Europe last week moved on a stage when it hosted three days of discussions with its prospective partners in the recently-formed European network (AEN).

Representatives from compames in Austria, Switzerland, France, Spain, Finland and Beigium attended, and have confirmed that they will join the new organisation.

Mr Gerry Deighton, chair-man, said Aukett needed architectural engineers from Italy and the Netherlands to complete the network, and the company had parties in mind.

The Geneva office was now established and a number of potential major projects in Europe had been identified, he said.

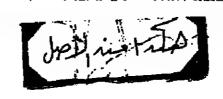
Three projects in Hungary

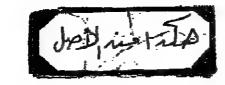
were also in prospect, including a hotel and the develop-

ment of a shopping centre in Budapest. Plans for develop-ment of an industrial park in Macon, France, were also at a Further projects were also in

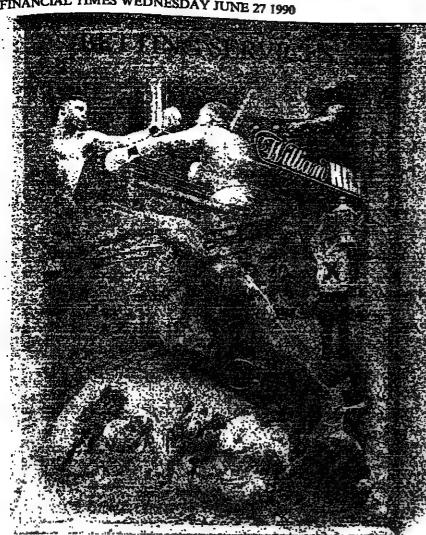
train in Portugal and Turkey. I am feeling good about first vibes in Europe", said Mr

After interest payable of £125,000 and tax of £387,000 (£287,000) earnings per share were up 15 per cent to 452p (3.91p), the interim dividend is raised to 1.5p (1.25p).





INANCIAL TIMES WEDNESDAY JUNE 27 1990



THE FOUR CONER STONES



OF OUR SUCCESS IN 1989

FINANCIAL H	IGHLIGI	ITS 1989	(unaudited)
	1989 £M	1988£M	%CHANGE
Turnover	526.0	128.9	+308%
Profit before tax	82.2	41.7	+97%
Earnings per ordinary share (fully diluted)	88.7p	41.05p	+116%
Dividend per ordinary share	15p	llp	+36.4%
Shareholders funds	856.0	603.6	+41.8%
Control of the Contro			and the second s



nce again it is my pleasure to be able to report to you on a year of record results and one which also saw a substantial expansion of the Group's activities. The most significant feature of 1989 was the recease we made in the bookmaking business by the investment in William Hill to add to Brent Walker Bookmakers to become one of our four core mannesses of Pubs and Brewing, Hotels and Leisure, Leisure Developments and Betting Services. Each of these businesses is individually managed by its corn board and is independently accountable to the Group for its performance tanti development.

We now have a well balanced group of activities and have enjoyed another record year during a period of major expansion. We are, however, he'ver complacent and strive continually to improve both the asset base and profitability of your company. We seek to do this by the rationalization of our enisting activities, a carefully planned programme of acquisitions and disposals the by seizing opportunities to develop our core businesses.

Whilst companies which operate purely within a very narrow range of eisure operations have suffered considerably from the downturn in the constructed constructed us from most in these problems. A substantial proportion of our business is in Pubs, Brewing ind Betting Services and these activities normally show a strong resistance to addictions in consumer spending. I am pleased to report that the current year has started well and we look forward with confidence.

George A. Walker Chairman & Chief Executive

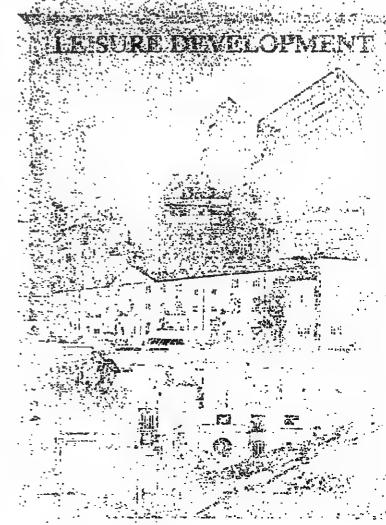
Legith of the Group's activities are recorded in the Annual Report & Accounts which will be available from

The Breat Walker Group PLC, Breut Walker House, 19 Rupert Street, London W1V 7FS.



THE BRENT WALKER GROUP PLG

WORKING FOR PLEASURE



P.J Carroll

slides into

I£12m loss

PJ CARROLL, the Dublin-based tobacco, fish farming and direct mail company, slid to a pre-tax loss of IE12.05m (E11.11m) in the 18

months to March 31, compared with a profit of I£8.5m in the previous 12 months.

divisions to make an operating

profit was tobacco, with £17.49m. But operating losses

in direct marketing and fish

farming, plus exceptional costs totalling £16.05m, took their

Th share price fell 22p to

109p. No final dividend will be

No final dividend will be paid. The loss per share was 16.1p (10.7p earnings).
Since PJ Carroll reported an 80 per cent reduction in taxable profit to IE1.7m for the 12 months to September 30, the senior management has been changed. Mr Donal Carroll retired as chairman and Mr David Fish resigned as chief

David Fish resigned as chief executive. Mr Laurence Crow-ley has taken over as chair-

The biggest operating loss –
IE6.34m for the 15 months to
December 31 – came in direct
marketing in the US, a diversi-

fication on which the group said it had spent about I£25m

rince 1987.
To stem losses, the Carroll journals were suspended and the Stamford headquarters

The only one of the three

red with

By Jane Fuller

ROPNER, the Darlington-based group whose diversified interests range from shipping to engineering, is selling its Hozelock garden products division to its management for just

The deal will leave Ropner with a net cash balance of some £17m. Ropner said that, as a result of the disposal, it would be "well-placed to take advantage of any acquisition opportunities which may arise", although it added that no specific situations had yet been identified.

Explaining reasons for the sale yesterday, Mr Roger Win-ter, finance director, maintained that the "motivating factor was a very attractive price offered".

Hozelock, which was formed in 1959 and expanded by the acquisition of Associated Sprayers in 1983, produces and distributes garden watering and spraying equipment. In 1989, it made a profit before tax and interest of \$1.79m on sales of £24.6m, although Ropner conceded that demand pressures during the exceptionally hot summer and the introduction of new prod-ucts and packaging meant that

the figures were abnormally

depressed. In the previous year, Hozelock made a compa-rable £2.42m on sales of £19.1m. Ropner said that it was an abortive approach from a third party last December which triggered the management buy-out proposal. Funding for the deal is coming from a con-sortium of institutions, led by Citicorp Venture Capital.

The buy-out group will pay \$21.8m for the equity of Hozelock, and repay intercompany debt of £2.17m. Ropner has acquired an outstanding 1 per cent interest in Hozelock for £240,000 cash, thus the net consideration which it receives for the equity is £21.6m.

Two Hozelock properties are also being excluded from the sale: these had a net book value of £3.68m at end-December, and are being transferred to other Ropner subsidiaries at an open market value of £7.32m. They are then being leased back to Hozelock. Ropner said its pro forma net

assets, after the Hozelock deal and the disposals of two bulk carriers completed earlier in the year, stand at £45.4m.
The net proceeds of the Hozelock sale - some £23.4m will reduce existing group debt and the balance of £17m will be

put on deposit.
Asked about acquisition plans, Mr Winter stressed that Ropner did not intend to diveractivities, which comprise

£10m buy and new name for Spong

SPONG HOLDINGS, the housewares and retail display systems group which is being extensively reshaped, yesterday announced plans for a £10m acquisition and said it was changing its name to Lion-

Spong intends to buy Acorn Decorating Products, which makes paint brushes, rollers and decorating sundries, from Williams Holdings, the indus-trial mini-conglomerate.

In October Spong purchased Hamilton Group, a privately-owned maker of paint brushes and decorators' tools, for an

The cash to fund the Acorn acquisition will be raised by an open offer to shareholders of 15m new ordinary shares at 22p, on the basis of 84 for every

100 existing ordinary.

The new shares will represent approximately 48 per cent of Spong's enlarged capital. Its shares closed up 2p at 25p.

Amber profit

up by 47%

to £2.28m

By Chad Western

Spong was restructured in May last year when a consor-tium led by Hillsdown Invest-

ment Trust, the investment subsidiary of Hillsdown Hold-ings, the food group, invested 24m to take a 46 per cent stake. Mr Paul Lever became executive chairman from his post as managing director of Crown Berger Europe, the paints divi-sion of Williams Holdings. Mr Lever said he was famil-

Mr Lever said he was familiar with Acorn from his time with Williams. It is based at Attleborough, Norfolk and employs 230 full-time staff.

The combination of Acorn with Hamilton would enable Spong to strengthen its position in the UK market for branded products.

Both Acorn and Hamilton were well known by DIY and professional consumers. The enlarged business would have a broader market spread and also be capable of supplying a full range of paint brushes, rollers and decorators' cutlery

manufactured in-house. Acorn made an operating profit of £831,000 on sales of £8.4m in 1989, Williams will make a cash injection into Acorn so that it will have net cash of £1.5m at completion.
The pro-forma net assets of Acorn are about £3.7m.

Citicorp Investment Bank has made arrangements for institutional and other inves-tors to subscribe at the offer price for any new ordinary shares not taken up by qualify

ing shareholders.

Directors said they felt it would be appropriate to change Spong's name in view of the extensive restructuring which had taken place. They intended that the name Lionheart be adopted by Spong to distinguish it, as parent of the group, from its subsidiaries.

group, from its subsidiaries, which would continue to use their existing corporate and brand names.

Avesco static at £5.81m as legal battle takes toll

By John Thornhill

Amber Industrial Holdings, 75 per cent owned by Caledonia Investments, increased pre-tax £5.81m in pre-tax profits for the profits by 47 per cent from £1.55m to £2.28m in the year to year to March 31 as it strug-gled to overcome the effects of

of 5 Ordinary Shares and 1 Warrant.

Gerrard Vivian Gray Ltd

Burne House

88 Holborn

London WC1V 7EB

Operating profit increased by 28 per cent and the pre-tax figure included higher net interest received of £389,000. against £73,000. The UK market saw a slow-

down but good results continued in West Germany. Ambersil, the speciality chemical company, provided the main

contribution to group profits. Turnover improved from £11.36m to £13.11m. Earnings per 10p share increased from 31.5p to 39.6p. and a final divi-dend of 11.6p makes a total for

Authorised

US\$50,000

AVESCO, a supplier of equipment to television and video industries, recorded a modest Incresse from 65.97m to

Avesco assumed a possible legal Hability when it bought full control of Spaceward in November 1988. Quantel, a subsidiary of Carlton Communica-tions, had brought a law suit

patent for an electronic painting system.
Mr Richard Murray, Avesco

chairman, said: "Our advice at the time was that we would win the case. And if we had won, the company would have been worth £50m."

In fact, the loss of the legal

THE BATAVIA FUND LIMITED

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

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Application has been made to the Council of the Stock Exchange for the 2,500,000 Ordinary Shares of
USSO.01 each and the 500,000 Warrants to subscribe for Ordinary Shares issued and to be issued to be
admirted to the Official List. It is expected that listing will become effective and that dealings will commence
separately in the Ordinary Shares and Warrants on 23 July, 1990.

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up to 2,500,000 Ordinary Shares of US\$0.01 each at US\$10.50 per share payable in full on application and 500,000 Warrants for no additional

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Citicorp International Limited and Morgan Grenfell (Asia) Limited. The

Ordinary Shares and the Warrants of the Company will be issued in units

Share Capital

in Ordinary Shares of US\$0.01 each

The Batavia Fund Limited Is a new investment company which will invest directly in Indonesian equities and Indonesian equity related issues. Morgan

Grenfell Investment Management (Asia) Private Limited will act as invest-

ment manager and Batavia Limited will act as investment adviser to the

Fund. Gerrard Vivian Gray Limited are secondary distributors to the placing.

Listing Particulars of the Company are available in the statistical services of

Extel Financial Limited. Copies of the Listing Particulars will be available

during normal business hours on any weekday, Saturday and Bank Holidays

Citicorp Scrimgeour Vickers

International Limited

PO Box 200

Cotton Centre

Hays Lane

London SE1 2QT

Copies of the Listing Particulars are also available from the Company

Announcements Office, The Stock Exchange, 46 Finsbury Square, London

27th June, 1990

Morgan Grenfell International Funds

Management Limited

20 Finsbury Circus

London EC2M 1NB

excepted, for fourteen days from the date hereof from:

EC2A 1DD for two business days from the date hereof.

case led to the withdrawal of products, stock losses, the clo-sure of some manufacturing and research operations, and a cost of £8.9m. Provisions had already been made against such losses at the time of the

acquisition, however.
"It has had an effect on the
balance sheet rather than the
profit and loss account," Mr
Murray said. Sales for the year grew to £28.88m (£24.78m) as exports, in particular, showed a marked

Fully diluted earnings per share grew from 10p to 12.1p. It would have fallen had it not

Issued and to be

up to US\$25,000

issued

fully paid

been for a tax credit of £602,000 resulting from back-payments.

A recommended final dividend of 1p brings the total to

Speculation of a third party for

By Alice Rawsthorn

Gartner

THE PROPOSED management buy-out of the Gartner Group, one of the management consu tancies owned by Saatchi & Saatchi, may be threatened by a breakdown in negotiations.

Gartner's management team has been attempting to organise a buy-out for the business one of the largest computer services consultancies in the US - since Saatchi put its consulting division up for sale

The Gartner managers have been in negotiation with Saat-chi to agree terms of a buy-out since the start of this year.

since the start of this year. But sources close to Garther say that the last time Saatchi negotiated with the management team was in mid-May. Since then, they say, Saatchi has rebuffed Gartner's attempts to arrange further meetings. This has fuelled speculation in the Gartner camp that Saatchi may have found a third party which is willing to buy the business.

Saatchi said yesterday that the talks over Gartner had not

broken down and that it was in the final stages of negotia-tion. Saatchi said it could not comment on the question of whether a third party was interested in Gartner.

Last autumn Saatchi was involved in lengthy negotiations to sell Gartner to Cap Sogeti Gemini, the acquisitive French computer company. CSG is thought to have offered between \$90m and \$100m, but withdrew when it realised that it would not win the co-operation of the Gartner management term.

ment team.

In the early months of this year the Gartner managers put forward proposals for a buy-out package worth \$70m, with Saatchi retaining a minority holding of roughly 40

minority holding of roughly 40 per cent.

The condition of the US banking market has since deteriorated. Gertner has been affected by the uncertainty caused by the proposed sale. It is now thought unlikely that the managers could secure funding for a buy-out valuing the business for as much as \$70m.

Saatchi is keen to sell its consultancies as quickly as possible to concentrate on its core communications businesses. Earlier this week its announced proposals to sell Peterson, its troubled US litigation services consultancy, at a substantial loss.

Modest lift for LPA

A modest improvement in interim profits was reported by LPA Industries, the USM-quoted industrial electric ry manufacturer.

On turnover 5 per cent lower at £3.47m taxable profits for the half year to end-March edged ahead from £346,000 to £366,000, struck after an interest bill virtually unchanged at

An interim dividend of 1.85p (1.5p) is payable from earnings of 2.65p (2.5p) per 10p share.

Further disposals planned to reduce borrowings

Maxwell Communications advances 12% to £172.3m

By Raymond Snoddy

MR ROBERT Maxwell, chairman and chief executive of Maxwell Communications, yesterday reported a 12 per cent increase to £172.3m in pre-tax profits for the year to March 31

He said said there had been a "remarkable transformation" in the affairs and standing of the group both in its composition and in the quality of earnings from its constituent businesses. The business had moved from being a mixed printing and publishing company to a pure publishing company in 15 months.

Earnings per share at 20p, however, showed an increase of only 4 per cent. The total 15p dividend was also 4 per cent up, the final being 8.5p. Comparative figures are based on the 15 months to end-March 1989 calculated on an annual

The main reason for the modest earnings per share and dividend increase was a net charge of £108.1m arising from interest and investment

During the year borrowings, taken on to pay for Macmillan, the US publisher, and the Official Airline Guides, peaked at \$2.7bn in September and had fallen to \$2.1bn by the end of the financial year. They currently stand at \$1.9bn.

Mr Maxwell emphasised years that he had no junktoop the standard of the standard of the head no junktoop the standard of the standard

terday that he had no junk bonds - high interest loans - and that \$575m out of \$990m in short-term loans due in Octo-ber had already been repaid. The rest would be paid before the due date.

Maxwell Communications

also planned to dispose of the remainder of its non-strategic businesses worth some \$800m and sell property worth \$150m to further reduce debt. Only nine months of Macmillan's results and six months of OAG were consolidated.

Mr Marwell also said that so far this year the company's American interests, now total-ling 80 per cent of assets and profits, were 30 per cent shead of budget. Mr Brian Sturgess, publish-

IN SPITE of the difficult property climate, Debenham Tewson & Chinnocks, the char-

tered surveyors, yesterday unveiled a small increase in pre-tax profits for the 12

The company made \$9.3

before tax, compared with 28.99m, but the second aix

months showed a fall in profits

from £5.47m to £5.13m after a first half which had seen a 19

per cent advance.

Due to a slightly higher tax charge of 37.5 per cent, against 36.5 per cent, earnings per share were almost static at

By NIKK Talt

18.96p (18.76p).

operating margins. Staff costs amounted to £21.2m (£14.4m), while other costs totalled

Net interest receivable dur-ing the year was 272,000, against £173,000 last time. The

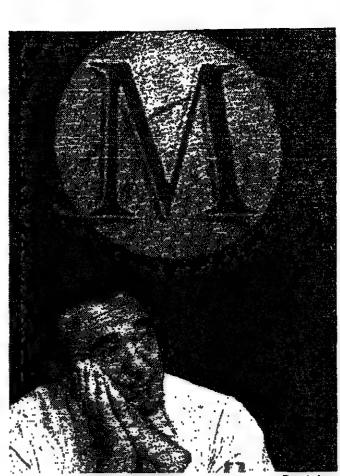
company ended the year with a net cash balance of about 2250,000, although that has subsequently risen to more than £3m. There is a final recommended dividend of 5.3p,

making 7.7p (7p) for the year.

The company said yesterday that its regional network had

continued to expand, aithough the south east was adversely affected by the slowdown in

the property sector.
On current year prospects,
Mr Richard Lay, chairman,
said he viewed the current



Robert Maxwell - American interests now contribute 80 per cent of profits and are 30 per cent ahead of budget this year

ing analyst at stockbrokers Barclays de Zoete Wedd, yes-terday described Maxwell Communications' results as "very

isappointing." BZW expected £185m pre-tax BZW expected £185m pre-ax and pointed out that after property deals and verlations to Mirror Group Newspaper leases there was little growth in operating profits.

Mr Maxwell countered line yesterday by saying analysts couldn't pick and chose which bits to exclude. If they

bits to exclude. If they excluded property deals, they should also exclude interest charged he said. Mr Sturgess is now forecast-

Marginal rise for Debenham Tewson

ing pre-tax profits of £190m for Total sales were £1.24bn compared with £1.39bn for the

compared with 21.39th for the 15 months to March 1989. Operating profits from continuing businesses totalled £226.6m.

The group also released a table from the Nomura Research Institute on price earnings relative for publishing and communications groups. It showed the forecast groups. It showed the forecast p/e ratio for Maxwell Communications as one of the lowest

Debenham's results relative to the state of an uncertain nur-ket. But he stressed that

attempts to limit overheads would continue.

less than 530 at present. It added that it would continue to

Debenham Tewson's figures

prompted a 13p rise in the share price to 114p, which may say as much about the narrow-

ness of the market as analysts

sentiment. The regional work-load has undoubtedly been helpful. As a very rough guide, the company suggests that

profits in the main established offices in Cardiff and Birming-

O COMMENT

The company has already reduced its London staff from more than 600 last autumn to

clused, shedding about 300 jobs. Restructuring costs were taken as an IE9.2m extraordirary item. This leaves only Bedford Fair, which markets women's clothing, in this division. It made an operating profit of IfIm, but the cost of moving its base cancelled this out. In fish farming (aquacul-ture), in which the company had invested up to I£30m since 1986, the operating loss was I£2.86m, because of develop-

162.86m, because of development expenses and fish deaths, notably through disease. Writing down stock and assets led to an exceptional cost of IE11m. Steps had been taken to improve husbandry.

In tobacco, the company's share of a declining domestic market had fallen to 45 percent compared with 60 percent four years ago. This had been stabilised with the help of new low-tar and mild brands. An exceptional provision of R4m had been made for changes associated with a review of the business.

With net assets falling by

With net assets failing by nearly IE32m to IE24.65m and net debt rising to IE17.3m,

G COMMENT

After a disastrous period of attempted diversification, the new management has thrown everything but the kitchen sink into the catalogue of provisions. While the foray into US direct mall may terminate with the sale of Redford Pair, ich forwing represess a province. fish farming remains a promis-ing second string to the tobacco company's bow. But it will take until 1991 to see whether a successful rebuild-ing exercise has followed the clear out. A pre-tax profit of 29m this year gives a prospec-tive p/e of nearly 10. It would take an act of faith in the new

management to go for it at this stage.

Coal funds claim 41.9% of Globe

British Coal pension funds, waging a £1.11bn bid battle for Globe Investment Trust, said yesterday that they controlled 41.9 per cent of their target.

The bulk of this figure consists of shares either owned by BCPF or bought since the bid commenced. The bidder had also agreed to acquire a further 1.3 per cent of the equity for which valid cover had yet to he received. Ry Monday to be received. By Monday afternoon, acceptances covered just 1.5 per cent of the shares. The bid has already been extended until July 9.

steeply, leading to a fall in year with confidence for Profits warning hits Psion shares

Turnover rose from 232.8m to 245m. However, both staff costs and other operating expenses increased more

SHARES OF Psion, the UK's shares of Psion, the UK's leading manufacturer of hand held computers, fell precipitously yesterday after Mr David Potter, chairman and managing director, warned that profits for the first half of 1990 would be significantly lower than those for the same period last year.

period last year.
In the first half of 1989, the company - best known for its Organiser electronic notebook - turned over £14m and made pre-tax profits of £1.6m.

Analysts estimated however, that profits for the first half of 1990 could be under £500,000 on sales as much as one third nigher. Psion's share price fell 35p to close at 90p.

The principal cause of Psion's distress is a substantial fall in turnover and big losses

at Dacom, a small telecommu-nications company which it acquired at the end of 1988. There have also been planned-for but significant costs associated with the development and launch of Psion's new range of notebook style

Dacom makes an innovative modem ~ a device which allows computers to talk to each other over a telephone line - which has proved popu-

lar with customers. However, Mr Potter said that Dacom's ability to manufacture the device in volume was not equal to its skills in modem design. The yield of properly manufactured modems was a low as 60 per cent, meaning that orders could not be fulfilled and sales were lost.

It is an unusual problem for Psion which has hitherto been noted for tight management and excellent manufacturing. The founders and joint managing directors of Dacom had now been replaced, Mr Potter said, and some 40 of the 100 staff at the company's plant in Milton Keynes made redun-Psion management had now

taken over and the position was improving steadily. Yesterday's announcement was the second disappointment this year from a company which many analysts believe is one of the UK's brightest hopes in information technology.

Last year, it failed to achieve

its expected profits level, due Mr Potter explained at the time, to software delays, semiconductor prices and the begin-nings of the problems at Analysts were marking

Psion shares down yesterday from "buy" to "hold" to allow the dust to settle. They believe the problems at Dacom are the full extent of Psion's bad news and that the company still has bright prospects. It is continuing to manufac

ture Organisers at the rate of 15,000 a month and sales are holding up unexpectedly well. The company is making about 1,000 a month of the first model of its MC range of porta-ble computers and two new models will shortly come on The take-up has not been

the resources to support the new machines - business software and so on - are only now becoming widely available. Semiconductor prices are now moving in the company's favour. A rights issue earlier in the year means that the balance sheet is in good shape and

dramatic, but Mr Potter said

of technology.

Mr Potter said it was necessary to take a long-term view: "This is an unfortunate blip. We cannot turn on a sixpence but we still expect to deliver in the mid-1990s."

the company has funds avail-

able to stay at the leading edge

Pelon Chare price (pence) 300

1989

offices in Cardiff and Birming-ham rose by about 10 per cent, compared with the 3-4 per cent group result. The new Glasgow office, which last year incurred start-up losses of £200,000, is expected to break-even in the current period, and Debenham still says that a move into Manchester or Bristol is a rose Manchester or Bristol is a pos-sibility. Overseas operations, meanwhile, contributed £1.4m to last year's turnover and this, too, is seen as an area for tons, too, is seen as an area for further expansion. That said, analysts are predicting flat turnover at best in 19900-91, while costs will almost cer-tainly rise, the pruning not-withstanding. Forecasts are tentative, but are in the range of S'm to F's That gives of £7m to £7.5m. That gives a prospective multiple of a little under 8. Long-term, analysts tend to view Debenham as a quality business, but

short-term, there seems little about which to get excited.

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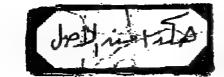
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COMMODITIES AND AGRICULTURE

Indonesian tin output reduction

By Claire Bolderson in

INDONESIA'S STATE tin company, PT Tambang Timah is to reduce its output by 10 per cent over the next two years in a bid to improve efficiency and cut operating costs.

Timah produces about 80 per cent of total tin output in Indonesia, the world's third biggest tin producing country after Brazil and Malaysia

Timah's Marketing Director, Mr Harsanto, said in Jakarta this week that, faced with continuing low world demand and low prices, the company would cut output by 5 per cent in 1990 to 22,610 tonnes and by a further 5 per cent in 1991.

High-cost onshore operations at low-grade tin mines on Belitung and Singkep islands near southern Sumatra will be scaled down. Private companies will be invited to take over production management there while Timah concen-trates in offshore operations. Timah's President has said

the cost of producing tin at Belitung and Singkep is higher than current world market prices of around \$6,250 a tonne.

Minor metals

Prices from Metal Bulletin (last ANTIMONY: European free market 99.6 per cent. \$ per tonne, in warehouse, 1,650-1,710

BISMUTH: European free market, min. 99.99 per cent. \$ per lb, tonne lots in warehouse,

CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 2.90-3.20

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 8.00-8.30 (same). MEECURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 205-225 (215-235).

MOLYBDENUM: European free market, drummed molybdic oxide, \$ per ib Mo, in ware-house, 3.03-3.08 (2.97-3.05). SELENIUM: European free

market, min 99.5 per cent, \$ per lb, in warehouse, 5.00-5.60 TUNGSTEN ORE: European

TUNGSTEN ORR: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO, cif, 40-55 (40-56).

VANADIUM: European free market, min. 98 per cent, \$ a lb VO, cif, 2.90-3.10 (2.80-3.10).

URANIUM: Nuexco exchange value, \$ per lb, UO, 8.65 (same).

LINE WAREHOUSE STOCKS

	Gopper Lead Nichel Zing	-375 +125 -42 +1.760	to 60,350 to 48,225 to 8,274 to 42,460
- 1	Aluminium	÷ 5.900	ID 155,56

EC strives for harmony on veterinary regulations

EFFORTS TO break down barriers to trade in live animals and animal products were

being stepped up in Luxembourg last night.

With time ticking away at his last EC Agriculture Council in the chair, Mr Michael O'Kennedy, the Irish Farm Minister, was urging his col-leagues to back a new compromise on three important veteri-nary proposals, notably a plan to abandon vaccination against foot and mouth disease in favour of a compulsory EC

Failure to advance the cause of "1992" would be a disappointment for the Irish Presidency — which specifically made this issue a priority — although there was something to cheer about yesterday with agreement on new egg and poultry marketing standards and on a symbolically important proposal allowing farmers taking advantage of the setaside scheme to continue proaside scheme to continue production for non-food uses.

Sensitivity was greatest, however, about foot and mouth, about the accompanying idea for a Community fund

HE SOVIET Union shipped between 250 and 300 tonnes of gold

bullion to Zurich and London in the first five months of this

m the first five months of this year, compared with total sales of nearly 300 tonnes for the whole of 1989, said Mr Alfred Schneider, first vice-president, precious metals department, Swiss Bank Corporation, at the second day of the Financial Times World Gold Conference. But he insisted there was

But he insisted there was little danger of the market being flooded with Soviet gold. Mr Schneider said nobody knew how much of this year's Soviet gold had been sold outright but he believed it was only part of the material. Most would have been awarned with

would have been swapped with commercial banks to raise

short-term credits to pay for

imports.
He believed most of this

year's fund-raising had been completed so that Soviet gold exports to the West could be expected to decline in the sec-ond half of 1990 to below last

year's average level.

Mr Schneider said he was

convinced that this year's gold had come from Soviet reserves. He added: "I would not be surprised to see Soviet gold

rather than increase in coming years."

to help pay the costs of com-batting disease and about a separate directive designed to end border checks within the EC on certain live animals.

in an effort to allay the fears of certain member states, nota-bly France and Belgium, which are reluctant to give up vacci-nation against foot and mouth, the compromise makes provi-sion for national vaccine banks and for Community antigen banks. It also appeared to sanction continued vaccination, with Brussels' approval, in the event of an emergency out-break though the general rule would be compalsory slangh-

by the EC fund for the costs of dealing with foot and mouth was increased from 60 per cent to 70 per cent. Contrary to British wishes domestic rabbits remained in the revised text on live animals but while border checks would disappear member states would still be permitted to apply their own quarantine

The rate of reimbursement

rules.
Fears that the traditional British turkey could be ban-

CONFERENCE

GOLD IN VENICE

Vittorio Gori, managing director, Gori & Zucchi, and Mr

Timothy Green, a consultant to Gold Fields Mineral Ser-

vices, pointed out that buoyant demand for jewellery, which accounts for nearly two-thirds of total gold consumption, would only provide price stability and could not be expected to drive the price of gold price.

ap.
"Short of some spectacular

new environment in the first half of the 1990s, gold will

hair of the 1990s, gold will trade in a range between the low US\$300s to \$3450 a troy ounce," said Mr Green.

Mr Gori suggested that jewellery fabrication had continued to dominate gold demand mainly because of the weakness of other areas, such as investment.

Mr Brian Marber, the

COCOA - London POX

ver: 5423 (10664) lots of 10 tomics indicator prices (SDRs per tomics). Daily for Jun 25 967.13 (968.5) 10 day average in 26 901.86 (901.08)

Close Previous High/Low

over: 5825 (1902) fets of 5 tonnes indicator prices (US cents per poon a 25: Comp. daily 67.92 (67.40). 15 day 70.34 (70.61)

Close Previous High/Low

116.5

188.0 187.0 107.0 107.0

122.0 117.6 132.3 131.9

188.5 186.0 107.0

'Little danger' of Soviet gold flood

Kenneth Gooding on the second day of the Venice conference

ished by an EC directive, meanwhile, were finally dis-pelled in Luxembourg yester-

Farm Ministers of the 12 agreed without discussion a agreen without discussion a compromise proposal for new poultry and egg marketing standards which continues to guarantee the bird pride of place at Christmas tab

Under threat when Brussels tabled its original ideas was the "Fraditional Farm Fresh". or "New York Dressed" turkey which accounts for about 30 which accounts for about 30 per cent of the December market. These are produced and marketed under strict guide-lines in the UK, being distinguished by the way in which they are left to hang ungutted for 7 to 12 days after slaughter, thereby improving their texthereby improving their tex-ture and flavour.

Yesterday's text - which carries the assurance British producers have been seeking -lays down standards relating among other things to the basic species of poultry, condi-tions of presentation, and

The compromise on eggs, neanwhile, continues to pro-

reached as early as October,

1991, or maybe not until July,

It was "legitimate to suggest" that the next bull market in gold would end below \$425

m ounce.
Mr David Pryde, managing director, JP Morgan, suggested that in the 1990s central banks

would manage their gold

reserves more aggressively "and with more of an eye for liquidity rather than long-term

Central bank activity might

well be pivotal in determining intermediate and long-term

"I foresee the growing ten-dency to swap or sell official gold reserves for cash since they represent quick and confi-

dential methods of generating liquidity. I believe we are already seeing the beginning of

this; in 1989 central bank sales amounted to 200 tonnes, albeit from a handful of banks," he

Mr. Sidney Gold, managing director, Philipp Brothers, suggested that one method of

encouraging a revival of pri-vate investor interest in the

metal would be to have gold-backed securities which could

authorised securities' dealers.

The New York Commodity
Exchange was to introduce
such a product — the GAP
(gold asset participation) to be



Mr Ignaz Kiechle, Bonn's Agriculture Minister, told his colleagues yesterday that import quotas established by the East German Government for "sensitive" products like meat and milk would be available to all member states. Pirst quarterly figures for 1990 show that most of the licences when to West German firms ~ but Mr Kiechle said he would personally ensure that there was no discrimination against other EC countries.

vide for compulsory date label-ling of each package but over-came West Germany's insis-tence that individual eggs Commission statement. This said that Brussels will carry out a study examining the fea sibility of Bonn's demands.

told like shares but each certificate would represent a holding of 10 ounces of gold.

Mr Junnosuke Inoue, gen-

Mr Junnesuke Inoue, general manager, precious metals division, Mitsui & Co, discussed gold investment schemes in Japan and added a touch of levity when he discussed "new physical gold products beyond your wildest imagination." These included pure gold statues of the Buddha which were selling well because religious material was free from tax so the statues enabled families to escape Japan's high inheritance truck.

Mr Algy Cluff, chairman, Cluff Resources, said the lack of exploration in Africa for the past 25 years coupled with a much more pragmatic approach by many governments there, made the continent of the past approach to the continent of the contin

nent "if not an exploration Val-halla, one which has much to commend it, particularly at this disturbed time of low gold

Mr Dan McGanty, director, Credit Suisse Financial Products, and Dr Kurt Riche-bacher, publisher of "Curren-cies and Credit Markets" news-letter, also spoke at the

Time heals memories of a troublesome oilseed

Improved varieties and production aid have revived British interest in growing linseed

EMORIES OF a mis-spent youth have until now led me to believe that linseed was a crop I would be better off not to grow. Increasing interest by less prejudiced, or perhaps more youthful, farmers in recent years has persuaded, however, me to take it more seriously and I am coming round to the idea of trying a

My first experience of lin-seed was as a very young boy in the mid-1940s. The local boss of the War Agricultural Committee, which administered farming in those troubled times, had ordered my father to plant some linseed — which is in the same family as flax.

There was a national need for the oil-bearing seed, my father was told, so he must help pro-

Linseed oil is of course used in the production of paint, putty, varnish and so on as well as being a key component in linoleum, with which the mass of the population covered their bedroom floors in those days. Demand for the oil at the end of a war during which such luxuries had been the last such fuxuries had been the last things on anyone's mind was therefore brisk. Indeed as a result of the War Ag's urging about 80,000 acres of linseed

was planted in the UK in 1945.
The problems it posed were horrendous, however, and my father talked of them to his dying day. The crop grew all right but before harvest its long wiry stalks collapsed and it lay flat on the ground. The only harvesting equipment available at the time was an old self-binder which was totally inadequate to the task of cutting the matt of fibrous material

The linseed was only salvaged by sending gangs of men into the field with pitchforks to lift what they could, back-breakingly, so that the hinders' blades could alide beneath and cut it. The untidy sheaves were stacked and later threshed through a traditional drum powered by steam and the seed, what little there was of it, was stored on the barn floor. It was so slippery from its own oil I remember that it ran all over the floor almost like The straw was almost as his

a problem. Tough and wiry, it was no good for littering live-stock so it was left in a stack on the field. It was then that a couple of my playmates and myself discovered that if we chopped it up into short and rolled it in small pieces of newspaper we could smoke it. The taste was vile but we felt very grown up - until my



By David Richardson

day and belted our backsides. Soon after, having found no other use for the straw, he burned the stack. He vowed never to grow linseed again and he was not alone. Most other farmers who had been pushed into growing the crop at that time made the same resolution and production stag-nated. It is hardly surprising therefore that my later feelings towards linseed were less than

But time, varieties and indeed the market for linseed have all moved on as the recent upsurge in interest demonstrates. Since the mid-1980s the acreage of linseed grown in the UK has increased by an average of about 30 per cent a year, rising from less than 3,000 acres in 1984 to an estimated 66,000 acres this year.

The main reason for such a dramatic rise is the area aid

paid by the European Community to linseed growers. Between 1976 and last year this rose from £28.82 to £153.78 an acre. The subsidy for this year has not yet been announced It is a complicated and lengthy calculation, the result of which is intended to bridge the difference between the EC's guide price and the world price for linseed once average yields in the Community have been established. This means that payment to growers is delayed until eight or nine months after the crop is har-vested. Given that the EC guide price has risen from £388.64 last year to £431.95 this year, however, it would be rea-sonable to assume that the acreage subsidy for this year's crops will be substantially above last year's.

Growers generally concede in fact that the subsidy covers in fact that the subsidy covers the variable cost of producing linseed leaving the sale value of what they produce to cover fixed costs and provide any profit. The open market price for linseed during the last 12 months has ranged from £170 ing a good yield is therefore crucial and although present day varieties are more reliable than their predecessors this father discovered us at it one can vary from 10 cwt to almost

1.5 tonnes per acre in exceptional cases, with the average between 15 cwt and a tonne on

Clearly, however, viability relies heavily on the continua-tion of area aid. Advocates of the crop claim that this is not in jeopardy at least for a few years. They point out that in spite of recent expansion the EC is still only 15 per cent self-sufficient in linseed and has to import over im tonnes a year, mainly from Canada and the Argentine, which is of course the motivation for the Commission's encouragement to grow. Furthermore Britain is said to have an ideal climate for growing linseed — at pres-

ent it produces 75 per cent of the European crop.

Other important advantages include the fact that linseed is environment—friendly, Its fertiliser requirements for instance are limited to about 60 units of nitrogen an acre (com-pared with up to 200 units for wheat) and as it has less pests and diseases than most other crops it needs less chemicals. In addition, for three weeks

each June the pale blue flowers that bloom every morning then fall to the ground to be replaced by new ones the fol-lowing day beautify the coun-tryside in an arguably less vul-

ryshe in an arguatry less vol-gar way than bright yellow oilseed rape.

At present little linseed oil is used in cooking anywhere in the world because of its linole-nic acid content, which means it forms a film on its surface when exposed to air - the very property which makes it ideal for paint. In the US, how-ever, researchers are currently investigating possible human health benefits that may result from taking linseed oil.

The plant is in the same (amlly as evening primrose and borage, whose seeds produce gamalinolenic acid, which is claimed to be anti-inflammatory and to have anti-cancer properties for patients. It is also claimed to reduce choles-

terol levels.

All of this may be for the future but in the meantime it is encouraging for a farmer like me to be looking at a crop for which demand is well above domestic European sup-ply. The fact that it can be grown and harvested with the same equipment used for cere-als these days also means that it can be tried at low cost. I fee sure, however, that some of the same problems that bothered my father in the 1940s still exist. I shall therefore proceed fleid-scale experiments to a limited acreage for the time being. But I shall not be smoking the linseed straw. I gave that up when I was 12.

MARKET REPORT

GOLD eased on the London buillion market yesterday, dropping back below \$350 a troy ounce as Comex silver futures slumped to new contract lows. "Gold will go tower short term. There is no confidence In the market," said Neil Buxton, a precious metals analyst with Shearson Lehmann Hutton. Monday's rally on the back of reports that South Africa was trying to support the gold price proved to be exceptionally short-lived, traders said. Spot silver closed at 479 cents an ounce, after touching a new 1212-year low of 475 cents, compared with Monday's 485 close. Copper prices on the LME **London Markets**

APUT MARKETS		
Crose oil (per barrol FOB)		+ or -
Dubai Brant Blend W.T.L (1 pm est)	\$13,70-3,80w \$16,05-6,10w \$17,20-7,22w	-, 125
Princip	CIE)	+ 01-
IMPE prompt delivery per to		
Premium Gaschno	\$222-274	+3
Gas On	\$147-148 \$61-63	-1
Heavy Fuel Oil Naphhia	\$141-143	•
Petroleum Argus Estimbles	21-1-1-0	
Other		+ 01 -
Gold (per troy oz)	\$349.75	-5.74
Wilder town the control	479c	-6.00 + 1.35
" WINDING (MAY TYOU OF)	\$480.35	-1.40
Paladium (per troy oz)	\$112.85	-10
Alapadum (free market)	51515	-20
Copper RES Productor)	111.75c	-1.5
VIEW (US Producer)	45G	
Pace Cone market	405G	-5
IN KUMIN LUMOUR MARKATI	16.40r	-5
"III UNGW York)	228C	-1
cine (US Prime Western)	87c	
Cattle (Itve weight)†	102.57p	-298"
Simple Idead wateriets	147 740	-6.51°
Pigs (live weight)	103.49p	-2.23*
London daily sugar (rew)	5308.41	+1.4
	£392 %	+65
Tato and Lyte export price	1290 0	+ 0.5
Parket of		
Barley (English feed)	€114 OW	
Meze (US No. 3 yellow)	£153	
Wheat (US Dark Northern)	£120	
Rubber (Aug)	54 75p	-1.25
. WELDER (SERIER)	65 750	-1.25
Rubber (KL RSS No 1 Jul)	232.5m	-1.00
Coconcil cal /Oncline and	\$307.5t	
	5275q	
	5215W	
	£158 5	+1.5
Cotton A (ndov	9: 20c	+1.1

Y-JUN/Jul, w-Aug z-Aug/Sep y-Sep. (Meat Commission average fatstock prices. * change railled from 412-month lows during the afternoon, but still closed down. The market became somewhat oversold after aggressive European merchant selling in the morning, and the kerb close above the \$2,420 a tonne chart support base was Indicative of a further rally, analysts said. Most traders appeared to take their cue from a fall of 1,140 short tons in Comex warehouse stocks and ignore & 375 tonne fall in LME holdings to an eight-week low of 60,350 tonnes, traders said. The threat of a strike at Asarco's Ray Mine

appeared to be discounted.

rather than increase in coming years."

Some speakers yesterday were invited to discuss the price of gold to 1995. Both Mr

were discussed in coming could surmise — not forecast — that the gold price could go down as low as \$190 an ounce or it might turn upwards at \$289.5. The low point might be

EMERICA S	- 1-3	FOX	(\$ per tonne
Raw	Close	Previous	High/Low
Aug	279,60	261.00	261.20 279.00
Oct	275.40	278.00	278.80 275.00
Dec	270.00		290.00 280.00
Mar	267.20	268.40 267.60	288,20 266.00 267,20 287,00
May Auti	266.80 267.00	201.00	267.60
Didi .	264.00	259.80	254.00
White	Close	Previous	High/Low
Aug	385.5	355.0	366.5 364.5
Oct	357.5	359.0 354.0	359.5 358.0 352.0
Dec	353.0 348.0	354.G	348.5 346.5
Mar May	345.0	- Table	346.G
A. M.	345.5		344.5
Turnow	r: Raw B	56 (1320)lot	s of 60 towns.
		bet munet	: Aug 2140, Oct 202
		965, May 19	
ÇRUPI	OFL - II		\$/bern
	Late	st Previo	
T		44.00	
emo	16.11	16.20	18.25 16.01
Aug Seo	16.50	16.54	16.80 16.36
Aug Sep Oct	16.50	16.54	16.73 16.83
Sep Oct Nov	16.50 16.73 16.95	16.54 16.75 16.97	16.80 16.36
Sep Oct Nov IPE inde	16.50 16.73 16.95 8x 16.04	16.54 16.75 16.97 15.97	16.73 16.83
Sep Oct Nov IPE Inde	16.50 16.73 16.95 ex 18.04 ex; 5743 (6	16.54 16.75 16.97 15.97	16.73 16.63 16.75 16.63
Sep Oct Nov IPE Inde	16.50 16.73 16.95 ex 16.04 er; 5743 (6	16.54 16.75 16.87 15.87	16.90 16.36 16.73 16.63 16.86 \$/tonn
Sep Oct Nov IPE Inde	16.50 16.73 16.95 ex 18.04 ex; 5743 (6	16.54 16.75 16.97 15.97 15.97	16.93 16.93 16.73 16.63 16.85 S/tonn
Sep Oct Nov PE ind Turnove GAS Oi	16.50 16.73 16.95 ex 16.04 er: 5743 (f fL - 1941 Latest 145.75	16.54 16.75 16.97 15.97 15.97 Previous 145.75	16.93 16.93 16.73 16.63 16.05 S/tonn High/Low
Sep Oct Nov PE ind Turnove GAS Of	16.50 16.73 16.95 ex 18.04 or 6743 (f L IPE Latest 145.75 146,00	16.54 16.75 16.97 15.97 15.97 Previous 145.75 148.25	16,93 16,38 16,73 16,53 16,65 S/tonn High/Low 147,50 145,50 147,50 145,50
Sep Oct Nov PE Inde Turnove GAS OI Jul Aurg Sep	16.50 16.73 16.95 16.04 07: 5743 (6 1 IPEL Latest 145.75 145.09 148.25	16.54 16.75 16.97 15.97 1652) Previous 145.75 148.25	16.93 16.38 16.73 18.63 16.85 16.85 16.85 16.75 16.75 147.50 145.50 147.50 145.50 149.25 148.00 152.75 151.50
Sep Oct Nov IPE Indo Turnove GAS OI Jul Aug Sep Oct	16.50 16.73 16.95 18.04 97. 5743 (6 14 IPS 145.75 145.75 145.09 148.25 151.75	16.54 16.75 16.97 15.97 15.97 Previous 145.75 148.25 148.25 148.25	16.73 16.83 16.73 16.83 16.85 16.85 16.95 167.00 145.50 147.50 145.50 149.25 148.00 152.75 151.50
Sep Oct Nor IPE ind Turnove GAS Of Jul Aurg Sep Oct Nov	16.50 16.73 16.95 18.04 07. 6743 (6 14 IPEL Latest 145.75 146.09 148.25 151.76 153.75	16.54 16.75 16.97 15.97 1652) Previous 145.75 148.25	16.53 16.38 16.73 16.83 16.85 16.85 16.75
Sep Oct Nov IPE inde Turnove GAS OI Jul Aug Sep Oct Nov Doc	16.50 16.73 16.95 ex 18.04 or 6743 (6 fl IPE Latest 145.75 146.09 148.25 151.75 155.75	16.54 16.75 16.87 15.97 15.97 145.75 146.25 148.25 148.25 151.75 153.75	16,93 16,28 16,73 18,53 16,85 16,85 147,50 145,50 147,50 145,50 149,25 148,00 154,00 155,00 158,00 155,00 158,00 155,05
Sep Oct Nov IPE ind Turnove GAS Oi Jul Aug Sep Oct Nov Occ Jan	16.50 16.73 16.95 18.04 07. 6743 (6 14 IPEL Latest 145.75 146.09 148.25 151.76 153.75	16.54 16.75 16.97 15.97 15.97 15.97 145.75 146.25 146.25 151.75 153.75 155.50	16.73 16.83 16.73 16.83 16.85 16.85 16.75 16.75 16.75 16.75 16.75 16.75 16.00 155.00 156.00 155.00 156.00 155.00 151.00 150.75
Sep Oct Nov IPE ind Turnove GAS Oi Aug Sep Oct Jan Dec Jan	16.50 16.75 16.95 ex 16.04 or 6743 (6 ft IPE Latest 145.75 146.09 151.75 153.75 155.75 155.00 152.50	18.54 18.75 16.97 15.97 15.97 15.97 145.75 148.25 148.25 151.75 153.75 155.50	16.53 16.38 16.73 16.83 16.85 16.85 16.95 16.75
Sep Oct Nov IPE ind Turnove GAS Oi Aug Sep Oct Jan Dec Jan	16.50 16.75 16.95 ex 16.04 or 6743 (6 ft IPE Latest 145.75 146.09 151.75 153.75 155.75 155.00 152.50	18.54 18.75 16.97 15.97 15.97 15.97 145.75 148.25 148.25 151.75 153.75 155.50	16.53 16.38 16.73 16.83 16.85 16.85 16.95 16.75
Sep Oct Nov IPE ind Turnove GAS Oi Aug Sep Oct Jan Dec Jan	16.50 16.75 16.95 ex 16.04 or 6743 (6 ft IPE Latest 145.75 146.09 151.75 153.75 155.75 155.00 152.50	18.54 18.75 16.97 15.97 15.97 15.97 145.75 148.25 148.25 151.75 153.75 155.50	16.73 16.83 16.73 16.83 16.85 16.85 16.75 16.75 16.75 16.75 16.75 16.75 16.00 155.00 156.00 155.00 156.00 155.00 151.00 150.75

	All-Ad one	May	135.0	130.0	132.3 131.8	
Previous	High/Low					
355.0	366,5 364.5) (Introduced	L 351 (30	12) lots of 4	O CHERON	
359.0 354.0	359.5 356.0 352.0	-				
346.0	348.5 345.5	DOT AS	四基 聯	M- 57		2/tonne
O-LLL	346.Q	-	Closs	Previous	High/Low	
	344.5					
98 (1320) iot	s of 60 journels.	Aug	113.00	******	115.00	
		Dec	116.00 123.00	115.00	123.00	
per tonne)	Aug 2140, Oct 2024	Dec				
65, May 19	160	THEROPE	w 44 (25)	lots at 20 I	ennes.	
PE	\$/berrel					
z Previo	us High/Low	-	II FUTU	- 5	\$10/find	ex point
18.20	18.25 16.01		Cione	Previous	High/Low	
16.54	16.80 16.38	-	-140		1135 1135	
16.75	16.73 16.63	Jun	1140 1610	1034	1050 1010	
16.97	16.86	Jul	1104	1115	1130 1104	
15,97		Oct	1125	1141	1145 1125	
652)		Apr	1135	1146	1165 1140	
	S/tonne	BFI	1144	1146	1144	
Previous	High/Low	Turnout	w 362 (26	HC)		
145.75	147.00 145.50					
148.25	147.50 145.50	CRAIN	- Dec			Ω honne
148.25	149.25 148.00 152.75 161.50	Wheat	Close	Provides	High/Low	
151.75	154.00 153.00		ÇIOSO	1160000		
153.75	158.00 155.00	Sep	112.20		112.26 112	
155.50	158.00 155.25	Mari .	116.05	115,80	116.25 115.	
152.00	151.00 150.75	Jan	120.10	119.86	120.16 120	10
152.00	149.00 148.00	Mari	123.65		1本75 123	.50
	155 44-105	Sing!	125.80		127.00 126	.20
773µ013 Ot	100 torines	Burley	Circo	Previous	High/Low	
		-	110.80	110.75	777.00	
a d Parado	e BTC \$540, BWC	Sep	115.30	115.15	115.40 116	25
UQ I DUNGO	c and t Antworp		122.60	122.60	122,70 122	
8WD \$520	\$600, BWD \$496.	May				
		Turnove	e: Wheat	163 (40), B	artey 20 (44	9.
anies &	or the week ended	Turnovi	er lats of	100 touries.		
med to 416 to	onnes against 172					
	ak. Tradang 1	PROS -		40	ah Settleme	anti orba
- I cirle I	and only 18W 1	1900				
a med these			Close	Previous	High/Low	
Atrical at	id Chinese	Jan .	196.0	128.0	136.0	
		Aug	122.5		123.5 122.1	3
		Oct	121.0		121.0	
	ł					
	l l	TOTAL SE	er 31 (10)	l		
		1000 of 4	250 10			

Total delty terrover 20, 200 1480-2 1480-1440 1420-40 1421-2 70,561 1480-2 1480-1440 1420-40 1421-2 70,561 1480-1440 1420-40 1421-2 70,561 1480-1440 1420-40 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1421-2 70,561 1480-1440 1480-			-			Delago	Blue-Mark	hu Amalas	materi to	tal Track
Total daily furnover 10, 1994 199	DINDON I									
Cash 1501-3 1505-6 1505-6 1505-6 1506-6 150				_	raginale		o Congar			
8 morning 1509-7 1554-5 1909-60 44,950 Capper, Rimake At (2 per teaming) Total dealy barrower 20, 1 morning 1417-8 1449-2 1469-40 1469-40 1469-40 1471-2 77,551 Capper (2 per terming) Total dealy barrower 1, 7 morning 1417-8 1469-5 1469-6 1670-69 1469-6 1670-69 1670-6			_		1517	15	517-8		_	
Total delity turnover 1, Color C					1960/1643					,830 lots
Smorths 1417-8 1449-2 1434/1410 1423-2 73,551 Total delity turnover 1,	apper, Gr							Total date	ly sumove	70,008 i
Location Common			1460-2		1490/1440			1491-2	78	.551 lots
Cash 493-5 480-6 480-4 480-4 480-4 480-7 4.687 480-6 480-4 480-4 480-4 480-4 480-4 480-4 480-5 480-6 480-4 480-6 480-4 480-6					1-2-11-11-	_			_	
Second S			493-5		403	4	0-8.5			
Cash					487/493	-	5-6			
Temporary Temp	icial (2 pe	er tonne)						Total de	illy tumov	er 2,371 l
Texts delity literacy T Casts 6510-00 615-68 8150-614-5 6280-70 6280-70 5.885 6280-70 6280-70 5.885 6280-70 6280-70 5.885 6280-70 6280-70 5.885 6280-70 6280-70 5.885 6280-70 6280-70 5.885 6280-70 6280-70 5.885 6280-70 6280-70 5.885 6280-70 6280-70 6280-70 5.885 6280-70								8794.FT	9.2	HO lots
Casch 6510-80 0275-60 0275-60 0280-70 5.285 k Is worship 6270-5 0275-65 0280-70 5.285 k Is worship 6270-5 0275-70 0280-70 5.285 k Is worship 6270-7 1730-5 1735 1725-7 1605-6 1845/1825 1725-7 1605-6 1845/1825 1725-7 1605-6 1845/1825 1725-7 1605-6 1845/1825 1725-7 1605-6 1845/1825 1725-7 1605-6 1845/1825 1725-7 1605-6 1845/1825 1865/1825 1865-6 1845/1825 1865-6 1845/1825 1865-6 1845/1825 1865-6 1845/1825 1865-6 1845/1825 186			~	_	01100110	-	10 22			
Second S			€155-6	6	8150/6145	61	45-8			
Case 1722-7					8250/5265	62				
Button 1940-2 1936-6 1945/1925 1946-6 1946-7	bc, Presi	of High Dress		_				Total di	illy turnov	er 6,392 l
Description								1645-6	19.	.497 tota
Commonstration			1000	_	101011922					
Cities			Towns	in: 1.76	597	6 m	nonthe: 1.	Optick	9 m	onthe: 1.00
Close										
Citiese Color Co			-			Mε	W.	ork		
Common Sec 24, -SE2 1, 20312-2014			_							
Monthing Record Sept Sep										
Day's light 36812-364 Day's light 34812-349 Day Sept Day	forming to	253.10	2	04.000						
Cises	Secretor 1	fx 349.35	2	01.229		BOLD	100 yroy	OZ. S/HOY	02	
Second S	man, a judica	3481 ₂ -349								*
Marchelond 357-352 228 2-302 2 2 2 2 2 2 2 2 2		F			Ortos	Jun	350.4	353.8	351.0	349.6
Britannia 357-352 295-2-208-2 Dec 357.4 389.6 358.5 32 195 5-208-2 195 2-208-2 Dec 357.352 355.0 383.1 32 44 195.0						Jul	352.0	354.1		
US Englie 357-362 2051-20612 Feb 365.0 383.0 383.1 36 Angel 357-382 2051-20612 Feb 365.0 389.5 365.0 38 Angel 357-382 2051-20612 Feb 365.0 389.5 365.0 38 Angel 357-382 2051-20612 Feb 365.0 389.5 365.0 38 Angel 357-362 4612-48 Angel 357-362 4612-48 Angel 357-362 4612-48 Angel 370.3 373.0	ritanole.							358.2	334.4	351.7
Kroperrand 340 12-362 12 201 14 203 15 Apr 370.3 373.9 370.5 0		337 -005	2							355.2
Nove 10 10 10 10 10 10 10 1		357-362	25	06 ½ -20 06 ½ -20	181 ²	Oct Dec	357.4 362.0	360.6 365.0	358.5 363.1	390.7
Spot 277.05 480.40 PLATENUM 50 tray or, \$700 or	ngei	357-362 357-362 346 ½-352 1	2 2	05 ½ -20 05 ½ -20 05 ½ -20 01 ¼ -20	8년 8년 ^{8년}	Oct Dec Feb	357.4 362.0 386.0	360.6 365.0 369.5	358.5 363.1 365.0	380.7 385.7
Spot 277.05 480.40 Fig. 277.05 480.50 Fig. 277.05 480.50 Fig. 277.05 480.50 Fig. 277.05 480.50 Fig. 277.05 500.20 Fig. 277.05 500.20 Fig. 277.05 521.80 Fig. 277.05 Fig. 277.0	ngei rogernad	357-362 357-362 349 ½-352 ½ 81 ½-83 ½	2 2	05 ½ -20 05 ½ -20 05 ½ -20 01 ¼ -20 81 ₂ -48	8년 8년 ^{8년}	Oct Dec Feb	357.4 362.0 386.0	360.6 365.0 369.5	358.5 363.1 365.0	380.7 385.7
Spot 277.05 480.40 Fig. 277.05 480.50 Fig. 277.05 480.50 Fig. 277.05 480.50 Fig. 277.05 480.50 Fig. 277.05 500.20 Fig. 277.05 500.20 Fig. 277.05 521.80 Fig. 277.05 Fig. 277.0	ingel rogerrand lew Sov. Id Sov.	357-362 357-362 346 ½-362 ½ 81 ½-83 ½ 81 ½-43 ½	2 2 4	06 ½ -20 06 ½ -20 05 ½ -20 01 ¼ -20 8 ½ -48 8 ½ -48	19 1 ₉ 19 1 ₉ 19 1 ₉	Oct Dec Feb	357.4 362.0 386.0	360.6 365.0 369.5	358.5 363.1 365.0	380.7 385.7
Amount 287.280 489.30 500.20	ngei rogernati lew Sov. Id Sov. lobie Plat	357-352 357-352 349-1 ₂ -352-1 ₂ 81-1 ₂ -83-1 ₂ 81-1 ₂ -83-1 ₂ 452, 10-453	2 2 4 4 75 2	05 ½ -20 05 ½ -20 05 ½ -20 01 ¼ -20 8 ½ -48 6 ½ -48 78.35-8	18 ju 18 ju 18 ju 18 ju 18 ju	Oct Dec Feb	357.4 362.0 386.0	360.6 365.0 369.5	358.5 363.1 365.0	380.7 385.7
Provided	ngel rogerrand lew Sov. Ici Sov. Ioble Plat	357-352 357-352 346 ½-352 ½ 81 ½-83 ½ 81 ½-83 ½ 452, 10-453 ½	75 Z	05 ½ -20 05 ½ -20 05 ½ -20 01 ¼ -20 8 ½ -48 6 ½ -48 78.35-8	18 ju 18 ju 18 ju 18 ju 18 ju	Oct Dec Feb Apr	957.4 962.0 986.0 370.3	360.8 365.0 369.5 373.9	358.5 363.1 365.0 170.5	380.7 385.7
Column	ingel rogerrand lew Sov. Id Sov. loble Plat liver fix	367-362 357-362 349 ½-362 ½ 81 ½-83 ½ 61 ½-43 ½ 462, 10-468. p/fine cz.	23 24 44 75 Z	05 ½ -20 05 ½ -20 05 ½ -20 01 ¼ -20 8 ½ -48 6 ½ -48 78.35-8	18 ju 18 ju 18 ju 18 ju 18 ju	Oct Dec Feb Apr	957.4 962.0 986.0 370.3	360.8 365.0 369.5 373.9	358.5 363.1 365.0 270.3	390,7 385,7 0
Second Sep Mov Sep Mov Sep S	reger and reger soy, let soy	357-362 357-362 346-1 ₂ -352-1 ₂ 81-1 ₂ -43-1 ₂ 452, 10-463. p/fine az 277.05 287.20	75 Z	05 ½ -20 05 ½ -20 05 ½ -20 01 ¼ -20 8½ -48 6½ -48 6½ -48 78.35-8 15 cm 1 80.40 90.30	18 ju 18 ju 18 ju 18 ju 18 ju	Oct Dec Feb Apr	957.4 962.0 966.0 970.3	360.6 365.0 369.5 373.9	358.5 363.1 365.0 270.3	390,7 385,7 0
Alternatives (98.7%) Callie Polis Sariles price \$ tones July Sep July Sep 1450 81 112 0 9 1650 11 45 20 40 Capper (Grade A) Calls Puls Jun 480.8 481.5 0 8 2600 96 87 7 53 75 Jul 479.5 482.2 480.0 47 2500 12 45 26 111 Aug 485.1 486.1 0 0 2500 12 45 26 111 Aug 485.1 486.1 0 0 2500 12 19 705 18 Sep 488.5 490.2 480.0 47 2500 97 488.5 490.2 480.0 48 2500 48 71 18 22 Sep 480.0 504.7 482.8 49 2500 48 71 18 22 Sep 533.7 50.7 0 0 2500 48 71 18 22 Sep 533.7 50.7 0 0 2500 48 85 25 63 Closs Previous High/Low 2500 107.7	ingeli regerment levr Sov. Ici Sov. loble Plat River the poli mention mention	367-362 357-362 340 \(\frac{1}{2}\)-62 \(\frac{1}{2}\)-63 \(\frac{1}\)-63 \(\frac{1}\)-63	75 Z	05 ½ -20 05 ½ -20 05 ½ -20 01 ¼ -20 8½ -48 6½ -48 6½ -48 78.35-8 15 cm 1 80.40 90.30	18 ju 18 ju 18 ju 18 ju 18 ju	Oct Dec Feb Agr	957.4 362.0 986.0 370.3	360.6 365.0 369.5 373.9 Troy Oz, \$7tro	358.5 363.1 366.0 270.3 by 02. High/Lo	390.7 365.7 0
Service of tones of the part Sep	inger and over Sox, lot Sox, lottle Plat liver the pati manuals months	367-362 357-362 349-3-362 81 3-93-3 81 3-93-3 462, 10-469 prime az 277.05 287.20 297.30 317.36	75 Z	05 ½ -20 05 ½ -20 05 ½ -20 01 ¼ -20 8½ -48 6½ -48 6½ -48 78.35-8 15 cm 1 80.40 90.30	18 ju 18 ju 18 ju 18 ju 18 ju	Oct Dec Feb Apr	957.4 362.0 986.0 370.3	360.6 365.0 369.5 373.9 Troy OK, \$787 Previous	358.5 363.1 365.0 270.3 41gh/Lo 479.5 485.4	390.7 365.7 0
1450	ngel rogerrand leve Sov. Ici S	357-362 357-362 349-5-362 ¹ ; 61-5-31 ² ; 61-5-31 ² ; 642, 10-69. 207.05 207.30 317.35 FTIOMS	23 24 44 75 2	05 1 ₂ -20 05 1 ₂ -20 05 1 ₂ -20 05 1 ₂ -20 81 ₂ -48 61 ₂ -48 78.35-2 80.40 90.30 90.30 91.80	1912 1912 1913 1914 1914	Oct Dec Feb Apr	957.4 362.0 986.0 370.3	360.6 365.0 369.5 373.9 Troy OK, \$787 Previous	358.5 363.1 365.0 270.3 41gh/Lo 479.5 485.4	390.7 365.7 0
1550	mgel rogerrand over 80 v. loble Plat River fix poli control co	357-362 357-362 349-5-362 ¹ ; 61-5-31 ² ; 61-5-31 ² ; 61-7-31 ² ; 61-7-31 ² ; 777.05 297.30 317.35 771088	23 23 24 44 45 25 25 26 26 26 26 26 26 26 26 26 26 26 26 26	05 ½ -210 05 ½ -20 05 ½ -20 05 ½ -20 06 ½ -48 6½ -48 78.35 -9 15 mm = 80.40 90.30 00.30 21.80	1812 1812 1814 1814 1814 182.80	Oct Dec Feb Apr	957.4 362.0 986.0 370.3	360.6 365.0 369.5 373.9 Troy OK, \$787 Previous	358.5 363.1 365.0 270.3 41gh/Lo 479.5 485.4	390.7 365.7 0
1850 8 18 108 105	ngei rogerranie err Bor, ici Sov. ici S	357-362 357-362 349-3-362 ¹ ; 61-2-35 ² ; 61-2-35 ² ; 462, 10-463. 277.05 287.20 287.20 377.35 PROMS (88.7%) (8	23 24 44 75 2 4 4 4 8 8	05 1 ₂ -20 05 1 ₂ -20 05 1 ₄ -20 01 1 ₄ -20 81 ₂ -48 61 ₂ -48 67 ₈ -35-8 16 120 1 80,40 90,30 90,30 91,80	812 812 812 813 82.80 82.80	Oct Dec Feb Apr	957.4 362.0 986.0 370.3	360.6 365.0 369.5 373.9 Troy OK, \$787 Previous	358.5 363.1 365.0 270.3 41gh/Lo 479.5 485.4	390.7 365.7 0
2602 36	ngel rogerand over 80%, id Sov. id Sov	357-362 357-362 349-2-362*; 81*2-33*2 462.10-469. prime az 277.05 287.30 317.36 PTIOMS (88.7%) (a \$ toneo July 81	23 23 4 4 4 4 4 4 4 8 8 8 8 8 8 8 8 8 8 8 8	05 1 ₂ -20 05 1 ₂ -20 05 1 ₄ -20 01 1 ₄ -20 81 ₂ -48 81 ₂ -48 81 ₂ -48 81 ₃ -68 18 Cm 1 80,40 90,30 90,30 91,80	1912 1912 1913 1914 192.80 192.80	Oct Dec Feb Apr	357.A 362.0 385.0 370.3 370.3 	363.6 363.5 363.5 373.9 Previous 461.9 467.6	358.5 368.0 368.0 368.0 370.3 470.5 485.4 481.8	390.7 365.7 0
2600 36	ingel rogerrand or down down down down down down down down	357-362 357-362 340-½-362-½ 61-½-35-½ 462, 10-469. prime cz 277.05 267.20 297.30 317.36 Primuss (48.7%) (48.7%) (48.7%)	22 24 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	05 12 - 20 05 12 - 20 05 12 - 20 01 14 - 20 812 - 48 812 - 48 878.35 - 9 16 cm 1 80.40 90.30 00.30 021.80	18-12 18-12 18-12 18-13 18-14 18-2-10	Oct Dec Feb Apr	SS7.A 382.0 385.0 370.3	363.5 363.5 373.9 Troy or, \$700 Previous 401.9 407.6 463.4	358.5 368.6 368.0 368.0 370.3 470.5 485.4 485.4 481.8	390.7 305.7 0 478.6 482.5
2500 1 19 108 184 250 468.5 459.2 469.0 488.5 459.0 48	ngel rogerand or de la company	357-362 357-362 340-½-362-½ 61-½-35-½ 462, 10-408. prime cz 277.05 267.20 297.30 317.36 Primosts (08.7%) \$ tonno July 81 11 8	2 2 2 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	05 12 - 20 05 12 - 20 05 12 - 20 01 14 - 20 812 - 48 812 - 48 878.35 - 9 15 cm 1 80.40 90.30 90.30 91.80 July 22 108	1812 1812 1813 1814 182.89 182.89 182.89 183	Oct Dec Feb Apr PLATI Jul Oct Jun	\$57.4 \$52.0 \$365.0 \$365.0 \$370.3 	363.6 363.5 363.5 373.9 Provious 467.6 463.6	358.5 368.0 370.3 770.3 770.3 779.5 495.4 485.4 481.0	360.7 305.7 0 476.6 482.5 0
Cade	ingel rogernant	357-352 357-352 340-12-352 ¹ ; 51-12-35 ¹ ; 452, 10-403. princ cz 277.05 267.20 297.30 317.35 Princes (98.7%) (98.7%) (98.7%) (98.7%) (98.7%)	2 2 2 4 4 4 7 5 2 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	05-12-20 05-12-20 05-12-20 01-1-20 6-12-48 6-1	1812 1812 1813 1814 1823 1823 1823 1833 1835 1835	Oct Dec Feb Age Juli Oct Juni	SST.A. 382.0 386.0 370.3 WUM 50 1 Comm. 478.0 R 5,000 % Close 479.5	360.6 365.5 369.5 373.9 7 Provious 481.9 487.6 483.4 483.4	358.5 368.0 366.0 370.3 70.3 70.3 70.3 465.4 481.0 481.0 481.0	360.7 365.7 0 478.6 482.5 0
Cardier	ingel rosperment ow Sov. ici Sov. cobbe Plat Sover for post America am	357-362 357-362 357-362 1340-2-362 112-33-2 462.10-463. priline cz. 277.05 287.20 297.30 317.36 Prilotts (36.7%) (36.7	2 2 2 2 4 4 4 4 5 5 5 5 6 6 6 6 6 6 6 6 6 6 6 6	05-12-20 05-12-20 05-12-20 01-14-20 6-12-48	1812 1812 1813 1814 1812 1814 182 183 183 183 183 183 183 183 183 183 183	Oct Dec Feb Apr PLATI	957.A 962.0 295.0 370.3	363.6 363.5 363.5 373.9 Previous 467.6 463.4 463.4 463.4 463.4 463.4	358.5 368.0 370.3 370.3 High/Lo 495.4 485.4 481.0 Bitroy oz. High/Lo	360.7 365.7 0 478.6 482.5 0
Sep	ingel rosperment ow Sov. ici Sov. cobbe Plat Sover for post America am	357-362 357-362 357-362 1340-2-362 112-33-2 462.10-463. priline cz. 277.05 287.20 297.30 317.36 Prilotts (36.7%) (36.7	2 2 2 2 4 4 4 4 5 5 5 5 6 6 6 6 6 6 6 6 6 6 6 6	05-12-20 05-12-20 05-12-20 01-14-20 6-12-48	1812 1812 1813 1814 1812 1814 182 183 183 183 183 183 183 183 183 183 183	Oct Dec	957.A 962.0 965.0 370.3	363.6 363.5 363.5 373.9 Previous 461.5 467.6 463.6 463.6 463.6 463.6 463.6 463.6	358.5 368.0 370.3 370.3 High/Lo 495.4 481.0 Ugh/Lo 480.0 500.0	390.7 395.7 0 478.6 482.5 0 473.5 0 181.0 442.0
21 25 41 44 44 45 45 45 45 4	ingel reperture over 80%, let 50%, let	357-352 357-352 349-2-352*; 81*2-33*2 452-10-453. prime az 277.05 287.30 317.35 Privoss (88.7%) (a \$ tonso July 81 11 8 made A) (2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	65 tg. 426 55 tg. 427 55 tg. 427 51 tg. 428 64 tg. 48 64 tg. 48 67 tg. 48 67 tg. 48 68 tg.	812 812 812 813 82.80 82.80 82.80 82.80 82.80 83 40 105	Oct Dec Plant Apr PLATI	957.A 962.0 965.0 370.3	360.6 365.5 369.5 373.9 779.9	358.5 368.5 368.0 270.3 High/Lo 479.5 485.4 481.8 High/Lo 0 480.0 90.0 90.0 90.0	390.7 305.7 0 478.6 482.5 0 81.0 499.0
Cocces	ingel reperture ever 8 ov. lobbe Plat Siver 16: Sov. lobbe Siver 16:	367-362 357-362 349-2-362 ¹ ; 61 ¹ 2-63 ¹ 2; 61 ² 1-63 ² 3; 462: 10-463. priline cz 277.05 287.20 317.35 Privosts (98.7%) (98.	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	66 tg. 26	812 812 812 813 82.80 82.80 82.80 82.80 840 105 940 105	Oct Dec PLATI Apr July Oct Jun July Aug Jun July Aug Don July Aug	SS7.A 382.0 386.0 370.3 	360.6 365.5 369.5 373.9 Frovious 461.6 463.4 463	358.5 368.5 366.0 370.3 High/Lo 479.5 485.4 481.6 Userboy oz. High/Lo 0 480.0 500.0 500.0 500.0	360.7 365.7 0 476.6 482.5 0 473.5 0 481.0 482.0 482.0 503.5
Heath Grade Sept Sept Heath Grade Copper 25,000 me; beink/le	ingel rogernade over Sov. Id.	357-362 357-362 340-12-352 ¹ ; 51-12-35 ¹ ; 462, 10-468. prime cz. 277.05 297.20 297.20 317.36 (98.7%)	2 2 4 4 4 4 4 4 5 5 5 6 5 6 6 6 6 6 6 6 6 6	66 bg. 26 cg. 66 bg. 26 cg. 66 bg. 26	812 812 812 813 82 82 82 82 82 82 82 82 82 83 84 105 84 111 111 111 111 111 111 111 111 111	Oct Dec PLATI Apr July Oct Jun July Aug Jun July Aug Don July Aug	SS7.A 382.0 386.0 370.3 	360.6 365.5 369.5 373.9 Frovious 461.6 463.4 463	358.5 368.5 366.0 370.3 High/Lo 479.5 485.4 481.6 Userboy oz. High/Lo 0 480.0 500.0 500.0 500.0	360.7 365.7 0 476.6 482.5 0 473.5 0 481.0 482.0 482.0 503.5
700 82 91 8 28 6600 48 86 25 63 Close Previous High/Low 8600 28 47 53 95 Jun 108.55 709.50 107.00 107.70 108.00 107.00 107.70 108.00 107.00 107.70 108.00 107.00 107.70 108.00 107.00 107.70 108.00 107.00 107.70 108.00 10	ingel rogernant	357-352 357-352 349-2-352-1 81-2-33-2 81-2-33-2 452-10-469. 277.05 287.20 237.30 317-35 Privoits (98.7%) (98.7	2 2 2 4 4 4 4 4 5 5 5 5 6 5 6 6 6 6 6 6 6 6 6	66 bg. 26 cg. 66 bg. 66 cg. 66 bg. 66 cg. 66	812 812 813 814 815 82 80 82 80 80 80 80 80 80 80 80 80 80 80 80 80	Oct Dec PLATI Apr July Oct Jun July Aug Jun July Aug Don July Aug	SS7.A 382.0 386.0 370.3 	360.6 365.5 369.5 373.9 Frovious 461.6 463.4 463	358.5 368.5 366.0 370.3 High/Lo 479.5 485.4 481.6 Userboy oz. High/Lo 0 480.0 500.0 500.0 500.0	360.7 365.7 0 476.6 482.5 0 473.5 0 481.0 482.0 482.0 503.5
28 47 53 95 Jun 108.55 709.50 108.00 107.00 107.00 107.70 108.00 109.50 107.00 107.00 107.00 107.00 107.00 107.00 107.00 108.00	ingel rogernant	357-352 357-352 349-2-352-1 81-2-33-2 81-2-33-2 452-10-469. 277.05 287.20 237.30 317-35 Privoits (98.7%) (98.7	2 2 2 4 4 4 4 4 5 5 5 5 6 5 6 6 6 6 6 6 6 6 6	66 bg. 26 cg. 66 bg. 66 cg. 66 bg. 66 cg. 66	812 812 813 814 815 814 82 80 80 80 80 80 80 80 80 80 80 80 80 80	Oct Jan	SST.A. 302.0 305.0 370.3	300.6 385.0 300.5 373.9 Previous 401.6 487.6 483.4 481.6 482.1 480.1 480.1 480.7 504.7 504.7	358.5 368.5 368.0 370.3 479.5 485.4 481.8 481.8 481.0 0 480.0 0 480.0 480.0	390.7 395.7 0 478.6 482.5 0 813.5 0 811.0 499.0 503.5
Brest Crade Aug Sep Aug Sep Aug 108.35 198.90 109.50 107.70 108.00 107.70 108.00 107.70 108.00 107.70 108.00 107.70 108.0	ingel or 30 mg and 10 mg a	357-352 357-352 349-2-352*; 81*2-33*2 452-10-453. prime az 277.05 287.30 317.35 Privoss (88.7%) (a \$ torneo July 81 11 8 22 1	2 2 2 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	66 bg. 26 5 g.	812 812 812 813 82.80 82.80 82.80 82.80 840 105 940 105 941 105 941 105 941 105	Oct Jan	S57.A 362.0 365.0 370.3	300.8 385.5 300.5 300.5 300.5 300.5 300.5 300.5 300.5 400.8	358.5 368.5 366.0 370.3 High/Lo 479.5 485.4 481.0 Urbroy oz. High/Lo 486.0 500.0 486.0 500.0 600 lbs; co	360.7 305.7 0 478.6 482.5 0 473.5 0 482.0 499.0 503.5 0
Threat Create Aug Sep Aug Sep Aug 107.60 107.90 107.70 106 1900 42 40 May 105.85 107.40 106.90 106	ingel invertix box is son is s	357-352 357-352 340-12-352*; 310-12-33-2; 462-10-468. priline cz. 277.05 287.20 297.30 317.36 priline cz. 277.05 287.20 297.30 317.36 priline cz. 277.05 287.20 297.30 317.36 priline cz. 277.05 287.30 317.36 priline cz. 277.05 287.30 317.36	2 2 2 4 4 4 4 4 4 5 5 5 5 5 5 5 5 5 5 5	66 bg. 72 cc 66 bg	812 812 813 814 815 815 82 80 80 80 80 80 80 80 80 80 80 80 80 80	Oct Jun Aug Sp. VE	ST.A. 302.0 305.0 370.3 NUM 50 1 478.0 478.0 479.5 485.1 489.0 498.0 508.5 508.7	303.6 363.5 363.5 373.9 Previous 467.6 467	358.5 368.5 368.0 370.3 366.0 370.3 479.5 485.4 481.0 481.0 0 480.0 0 0 480.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	360.7 365.7 0 478.6 482.5 0 473.5 0 482.0 499.0 503.5 0
1800 42 40 Mo 105.85 107.40 106.90 105	ingel invertix box is son is s	357-352 357-352 340-12-352*; 310-12-33-2; 462-10-468. priline cz. 277.05 287.20 297.30 317.36 priline cz. 277.05 287.20 297.30 317.36 priline cz. 277.05 287.20 297.30 317.36 priline cz. 277.05 287.30 317.36 priline cz. 277.05 287.30 317.36	2 2 2 4 4 4 4 4 4 5 5 5 5 5 5 5 5 5 5 5	66 bg. 72 cc 66 bg	812 80 82 80 82 80 82 80 80 80 80 80 80 80 80 80 80 80 80 80	Oct Jam Jul Sep Den Jam Jul Sep Den Jam Jul Sep Den Jam Heget 6	ST.A. 362.0 366.0 370.3 NUM 50 1 478.0 478.0 478.0 460.8 479.5 499.0 509.5 533.7 Cross 106.55	360.6 365.5 369.5 373.9 Previous 461.5 463.4 463	358.5 368.5 368.0 270.3 High/Lo 479.5 485.4 481.8 High/Lo 60 755.0 High/Lo 100 755.0 High/Lo	390.7 365.7 9 478.6 482.5 0 81.0 482.5 0 81.0 482.0 503.5 0
	angel or Source of Source	357-352 357-352 349-2-352*; 81*2-43*2 452-10-453. prince cz 277.05 287.30 317.35 Privoes (88.7%) (8 11 8 mde A) (8 22 1	2 2 2 4 4 4 4 4 8 8 8 8 8 8 8 8 8 8 8 8	65 ty. 25 co. 105 co.	812 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 80 80 80 80 80 80 80 80 80 80 80 80	Oct Dec	\$57.A \$52.0 \$55.0 \$70.3 \$7	360.6 365.5 369.5 373.9 Provious 461.6 463.4 463.4 463.4 463.4 463.4 463.4 463.4 463.4 463.4 463.2 464.2 464.2 464.2 464.7 504	358.5 368.5 368.0 370.3 High/Lo 479.5 485.4 481.6 480.0 0 480.0 500.0 60 lbs; co High/Lo 100.05 100.05 100.05 100.05	390.7 395.7 0 476.6 482.5 0 811.0 499.0 503.5 0
703 TO 405 40 40 40 40 40	angel or South of Sou	357-352 357-352 349-2-352*; 81*2-33*2 452-10-453. prince cz 277.05 287.30 317.35 Privoes (88.7%) (8 11 8 11 8 12 22 1 369-23 317.35 971085 (88.7%) (8 28.22 1 369-23 369-23 37.35 81 81 82 82 83 84 84 84 84 84 84 84 84 84 84 84 84 84	2 2 2 4 4 4 4 4 8 8 8 8 8 8 8 8 8 8 8 8	65 ty. 25 co. 105 co.	812 89 82 80 80 80 80 80 80 80 80 80 80 80 80 80	Oct Dec	S57.A 362.0 366.0 370.3	360.6 365.5 369.5 369.5 373.9 Previous 461.6 463.4 463	358.5 368.5 368.0 270.3 High/Lo 479.5 485.4 481.8 High/Lo 60 Dec, 08 High/Lo 109.50 109.50 109.50	300.7 305.7 0 478.6 482.5 0 473.5 0 481.0 489.0 503.5 0 107.10 106.25
1/00 Dec 103.80 103.90 103.50 103	ingel reperture of the control of th	357-352 357-352 349-2-352*; 81*2-33*2 452-10-453. prince cz 277.05 287.30 317.35 Privoes (88.7%) (8 11 8 11 8 12 22 1 369-23 317.35 971085 (88.7%) (8 28.22 1 369-23 369-23 37.35 81 81 82 82 83 84 84 84 84 84 84 84 84 84 84 84 84 84	2 2 2 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	65 ty. 25 co. 105 co.	812 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 80 80 80 80 80 80 80 80 80 80 80 80	Oct Jam SELVE	S57.A 362.0 365.0 370.3 	363.6 363.5 363.5 363.5 373.9 Provious 461.5 467.6 463.4 463	358.5 368.5 368.0 370.3 366.0 370.3 499.1 495.4 485.0 486.0 500.0 488.0 511.1 0	360.7 305.7 0 478.6 482.5 0 473.5 0 482.0 499.0 503.5 0 107.10 106.50 106.50
Jan 101,45 102,65 0 0 Mar 100,10 100,13 80,50 40,	ingel reperture of the control of th	357-352 357-352 349-2-352*; 81*2-33*2 452-10-453. prince cz 277.05 287.30 317.35 Privoes (88.7%) (8 11 8 11 8 12 22 1 369-23 317.35 971085 (88.7%) (8 28.22 1 369-23 369-23 37.35 81 81 82 82 83 84 84 84 84 84 84 84 84 84 84 84 84 84	2 2 2 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	65 ty. 25 co. 105 co.	812 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 82 80 80 80 80 80 80 80 80 80 80 80 80 80	Oct Jun	SST.A. 302.0 305.0 370.3 NUM 50 1 478.0 478.0 478.5 489.5 499.0 509.5 533.7 CRADE C Close 106.55 106.55 107.50 105.85	360.6 365.5 369.5 369.5 373.9 Provious 467.8 467	358.5 368.5 368.0 370.3 High/Lo 479.5 485.4 481.6 High/Lo 480.0 500.0 500.0 109.50 107.70 109.50 107.70 109.50 107.70 109.50	300.7 305.7 0 476.6 482.5 0 473.5 0 482.0 482.0 482.0 107.10 106.50 106.50 106.50 106.50 106.50 106.50

		ht) 42,000 (Cit	icag	0		
IM.	Latest	Previous	High/Los		SOYA	BEANS S	000 bu min; (pents/60lb t	nushei
ep ep	17.22 17.88	17.38 17.95	17.37 18.00	17.16 17.80		Close	Provious	High/Low	_
OV	18.65	18.67	18.70	18.50	Jul	608/4	612/6	811/0	606
in ib	19.05	19.09	19.05	19.00	Aug	514/4	821/0	618/0	613
	19.38	19 38	19.17	19.10 19.30	Sep	622/0	65915	625/0	620
ey pr	19.45	19.46	19.45	19.43	Nov Jen	642/4	635/4 647/2	634/2 645/0	629 641
					Mar	653/0	658/6	656/0	660
EAT	ING OIL 4	2,000 US gr	ils, cents	/US galls	May	663/0	666/4	664/4	681
	Latest	Previous	High/Lo	**	Jul	668/4	674/0	672/4	688
ıš .	4860	4862	4880	4865	SOYA		60,000 lbs; 6		
ug	4895	4909	4910	4880		Close	Previous	Hign/Low	
Sep Xt	8017 5142	5080 5180	5035 5160	6916 6140	ليال	24.06	24.36	24.30	24.0
lov	5265	5297	5285	5260	Oct	23.92 23.55	24,16 23,67	24.10 23.92	23.6
eb lar	\$395 \$220	5407 8032	8395 5235	5386 8230	Dec	23.50	33,71	23.72	23,4
	8220	2232	25/30	0230	Mar	23.25	23.30	23.30	23.2

300	Close	Provides	High/Los		SOYA		AL 100 tons	\$/ton	
<u>.</u>	1228	1180	1228	1190		Close	Provious	High/Low	_
ep ep	1244	1199	1249	1210	Jul	175.7	176 6	177,2	175.
100	1277	1234	1279	1245	Aug	178.6 180.4	178.4	179 Q 181,2	177
lar lay	1310	1263 1260	1310	1281 D	Oct	182.5	1823	163.0	181
ep	1355	1325	1365	ō	Dec	186.3 190.5	186.0	187 0	185
					Mar	190.5	190.7	191 \$	199.
OFF	EE "C" 37	,500(b)(; c)er	nts/lbs		Jul	154.0	193.0	195.0	194.
_	Close	Provious	High/Lo	We -	MAIZE	5,000 bu	min; cents/5	610 Dushel	
4	84.90	15.75	85.25	6=.00		Class	Pravious	High/Low	
ep.	87.75	88 50	88.25	85.15	Jul	285/4	287/0	286/4	284/
No.	90.75 93.25	91.50 94.50	91,00 84.00	98.75 92.50	Sep	283/4 283/2	264/6	284/6	282/
4	97.00	98.25	98.75	97.00	Mar	289/8	284/2 291/8	283/6 290/4	281/ 288/
					May	295/0	295/6	295/0	292/
UGA	R WORLD	-11- 112.0	00 lbs: ce	nts/lbe	Sep	251/0 258/0	262/0 268/0	281/4 268/4	280/ 265/
_	Ciose	Positions	High/Lo		550	وحيي	2000	and-	200
d	12.38	12.52	12.58	12.35	WHEA	T 5 DOD by	min; conts/i	SOVA-hushol	
ct	12.27	12.43	12.48	12.26	-				
ar	11.05	12.08	12.09	11,94	-	Close	Previous	High/Low	
lay ui	11 91 11.86	12:04	12.05	T1 91 T1.99	Jul Sep	334/Q 337/4	333/4 336/6	335/0 338/6	332/
CE	11.85	11.94	11,93	0	Dec	352/0	151/0	352/6	336/ 350/
					Mac	358/Q	356/2	358/4	355/
					May Jul	353/4 348/0	350/0 345/0	354/4 D	350/
311		cents/lbs	High/Lo				.000 lbs: cen		
1	76.37	B4,77	B6.40	85.30		Close	Provious	High/Low	
EL	78.30	75.38	78.50	77.50	Auc	73.00	73.10	73.42	72.9
ec	74.26	74.55	74.58	73.62	Oct	75.05	74.87	75.20	74.8
ler ict	74.72 70.25	75.22 69.93	75.35 8	74.65 0	Dec	74 72	74 75	75.05	74.5
			_	-	Feb	74.4Q 75.50	74.60 75.57	74.85 75.80	75.5
					Jun	72.62	72.72	72.90	72.6
W	GE INICE	15,000 lbs:	_						
	Close	Previous	High/Lo		LIVE 9	IOGS 30,0	06 to: cents/	(Ca)	
ul ap	162.60 168.50	183.80 172.10	184,40 171.50	181,50 167,20		Close	Provious	High/Low	-
er.	160.75	164 70	161.90	160.00	302	60.45	59.87	60.60	59 8
αy	164.00	184.20	D	0	Aug	58.62	58.55	58.65	58.0
ut	164.00	194.20	0	0	Oct	52.55	52.15	52.65	52.0
_					Eloc	51.65	51.22	51.70	51.2
Moi	CES				Feb Apr	49.07 46.00	48.70 45.80	49.15 46.20	48.7 45.9
Mar.	TERS (Bas	e: Septemi	per 16 193	1 = 100n	Jun	49.25	49.10	49.55	49.2
	Jun 26			o yr ago	Jul	49.07	49.07	10.15	49.0
_	1833.0		1910.3	2019.8	PORK	SELLES .	40,000 lbs; co	nts/ib	
2004		Meser Dec.				Close	Previous	High/Low	
	Jun 25			o yr ago	Jul Aug	57.15 58.35	57.40	58.67	66.2
D=05	-				Feb	56.36 55.22	55.67 54 85	57.47 56.35	55.0 54.7
	131,71		135.39	132.59	Mar	54.92	54.82	58 10	54.5
Spot Futur	eș 131.29	130.66	133.47	131.38	May	55.30	55.95		94.5

North American Annual Report Companies: Annual Report Update 26th and 27th

Part 2 of two-page series appearing June 26th and 27th



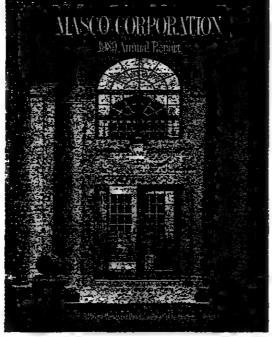
Louisiana Land

The Louisiana Land and Exploration Company (LL&E) is among the largest independent oil and gas exploration and production companies in the U.S. Over 60% of LL&E's proved reserves are located in the U. S. with foreign reserves located in the U. K. and Dutch Sectors of the North Sea, Canada and Colombia, LL&E's Common Stock is listed on the New York Stock Exchange (Symbol: LLX) and numerous foreign exchanges.



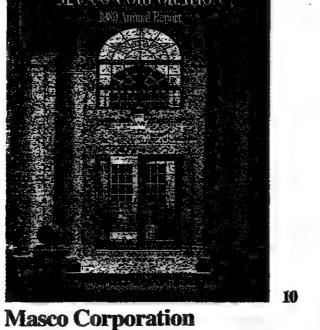
Reebok

Recbok International Ltd. (NYSE:RBK) is a leading global designer and marketer of active lifestyle and performance prodnets, including footwear and apparel. Recbok introduced its unique PUMP¹⁸ technology, featuring an internal air-bladder system, last November in a premium basketball shoe and is now extending this technology into other athletic footwear lines. Reebok reported record sales and earnings of \$1.822 billion and \$175 million, respectively, in 1989, Reebok's family of brands also includes \$1.824 billion at North American Reeb part and Roston Whaler. AVIA, Ellesse (North America), Rockport and Boston Whaler,



"A Unique Consumer Products Growth Company" Masco Corporation has reported 33 years of growth with both sales and earnings increasing at average annual rates of approximately 20 percent during that period.

Send for our 1989 Annual Report to learn why, we believe, Masco's earnings will continue to grow at an average annual rate of 15-20 percent annually over the next five years, with our sales in 1994 approximating \$5 billion.



Masco Industries

"A Unique Industrial Growth Company"

iges Annitial REPORT

Masco industries is a technology-based company whose corporate objective is to achieve above-average growth by utilizing our design, engineering and manufacturing skills to develop innovative processes and products for an expanding number of markets.

We believe that with consistent application of our proven growth strategies, we can achieve significant increases in earnings per share over the next five years in pursuit of our goal of building ... "a unique industrial growth company."

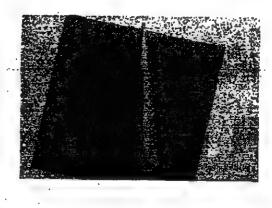




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Southwestern Bell

Southwestern Bell Corporation is a family of regional, national and international companies at the forefront of the burgeoning communications industry, Its cellular and paging operations are among the largest and fastest growing in the country, 1989 assets: \$21 billion; revenues: \$8.7 billion; earnings per share: \$3.64; and dividends: \$2.76.



Transamerica Corporation

Transamerica's mission is to be the premier provider of specialized financial and insurance services to individuals and organizations. In 1989, net income grew 27 percent and was evenly balanced between finance and insurance. Our 1989 annual report discusses our operating results and our corporate strategy of focusing on high-return, high-growth financial services



UtiliCorp United

DiffiCorp has grown rapidly by acquiring seven electric and gas utilities for \$421 million, it is also expanding in non-regulated areas of its industry, primarily natural gas marketing and supply and independent power production. Net income rose 18% in 1989 to a record \$48.3 million. Total assets grew 30% to \$1.5 billion. UtiliCorp serves 810,000 electric and gas customers in eight states of the U.S. and one Canadian province. (NYSE:UCU)



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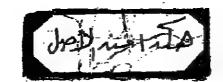
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LONDON STOCK EXCHANGE

June futures contract sets the pace

A VOLATILE performance from a UK stock market largely driven by stock futures resulted in a cliff-hanging finish yesterday, with the FT-SE Index finally losing a battle to hold on to the 2,400 mark

regained in early trade.
External factors, including Wali Street's response to ambiguous comments by President Bush on tax revenue increases to reduce the US Budget deficit, were thrust aside as London marketmakers struggled to sort out positions in the Footsie June future contract which expires on Friday.

Beneath the excitement the equity market appeared buoy-ant, with institutions unwilling

Account	rt Dealing	Dates
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Option Declaration 21	Jul 5	Jul 10
Jun 22	Jul 6	Jul 20
Ancount Day: Jul 2	Jul 16	Jul 36
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to sell ahead of the close of the half year, and some foreign funds still buyers on expecta-tion of early British entry into the EMS exchange rate mecha-

Share prices opened firmly, despite Wall Street's fall over-night, and were then pushed to a 21.6 gain on the Footsie by

 early activity in June futures; the June contract moved to a premium of around 30 points. and marketmakers hurried to buy the underlying Footsie

Leading marketmakers have built up substantial positions in the Footsie June future and, since the premium must technically shrink to zero at Frimeany shring to sero at Fri-day's expiry, the play between the future contract and the underlying index became vig-orous yesterday. The pressure in the cash market eased when the premium on the June future shrank — eventually to zero, according to the calcula-tion of fair value by one leadtion of fair value by one leading securities house.

The FT-SE Index peaked for the day at 2,420.1 as easy as 9.14am, and began a slow decline which quickened when a further advance by sterling discouraged buying of the blue chip stocks in London; we can

chip stocks in London; we can buy many of them cheaper in ADR form in New York," explained one specialist in the cross Atlantic share trading. But London was not particu-larly interested when New York opened the new session with a crise of 24 December 25 with a gain of 24 Dow points as Federal bonds responded to President Bush's remarks on fiscal policy. London tried to steady when the Footsie 2,400 line was first lost, but receded a shade in the final minutes.

The closing reading showed the FT-SE Index at 2,399.8, a mere 1.3 up on the day. Revived optimism for early ERM entry and cuts in domes tic interest rates brought a brief rise in property stocks, which have also been encouraged by further lettings of property in London's major Canary Wharf Docklands

development, but share gains were not held at the close. Seaq trading volume rose smartly to 451.2m shares from 379.1m in the previous session. However, yesterday's total included a high proportion of inter-market business as marketmakers unwound trading

Ordinary Share	1926.6	1929,4	1913.0	1906.3	1903.4	1000.7	1988.3 (3/1)	1653.6 (30/4)
Gold Mines	174.0	173.9	171.0	770.3	188.4	192.6	378.5 (6/2)	167.9 (15/6)
FT-SE 100 Share	2399.8	2398.5	2378.5	2370.3	2371.2	2208.4	2483.7 (3/1)	2193.4 (30/4)
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SEAO Bargns 4.45pm Equity Turnovar(2m)† Equity Bargains† Shares Traded (mf)†	26,526	23,493 638.90 22,943 318.6	28,472 880,26 27,992 387,9	24,245 913.87 24,798 380.9	23,688 677,62 22,617 376,2	27,068 1285.37 27,501 418.1	indice	
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FINANCIAL TIMES STOCK INDICES

TRADING VOLUME IN MAJOR STOCKS

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2008 8 49 4

Rerating hurts **NatWest**

THE SERIES of swingeing cuts in profits forecasts in the hanking sector was taken a stage further yesterday when Smith New Court lopped more than 2300m off its current year fore-cast for National Westminster Bank, lowering its expectation to £1.15bn. Ms Alison Deuchars said this took the Smith forecast from the top of the range to what we think is now the

lowest."

Ms Deuchars said this sharp reduction was blamed on Natwest's potential bad debts in the UK and the US. The bank would have to make a "substantial further provision against its US real estate loan book," possibly of as much as \$200m for the year — a \$50m provision has already been made, "and that includes noth-ing for the Donald Trump husi-

Smiths estimate that bad debts in the UK could reach 2640m, a figure which included "nothing major, just pressure across the whole of the loan book." The analyst is also shaving her NatWest dividend forecast from 19.25p to 19.1p, while pointing out that this still represents a 14 per cent increase on the previous year. "The downgrade," she added, "confirms our sector preferences for Barclays and

She expected NatWest shares to underperform and said the outlook for Lloyds was "looking rosy – we think it is the only bank likely to come up with profits higher at the underlying level." Smith New Court visits Barclays Bank

natwest shares closed 5 off at 338p on 4.4m, while Barclays were a fraction off at 412p on 4m. Lloyds rose 5 to 302p.

Maxwell disappoints

Year-end profits from Max-well Communications were elow the bottom of the range of analysis' forecasis, but a fall in the share price was cush-ioned by a good dividend pay-

The full year profit of £172.3m compared with fore-casts of above £185m. The verdict of both analysts and mar-ketmakers was that the figures

were disappointing.

Mr Brian Sturgess at BZW downgraded Maxwell from a buy to a hold and cut his profits forecasts. The new prediction for the current year is \$190m, instead of £205m. He was particularly concerned with the lease on the Mirror

building in central London.

Ms Angela Bawtree at
S.G. Warburg said the final dividend of 8%p was better than
expected and the fact that it expected and the lact that it was payable in October made the shares attractive now. She said the yield was 5.9 per cent on that dividend and Maxwell Communications' status as an income rather than a growth income rather than a growth stock had been underlined. However, she cut her current year profits forecast from

£200m to £175m.
Traders said that turnover, at 5.4m, was high for the stock.
The shares recovered from the
day's low of 193p to close at
195p for a net decline of 4.

BAe rally further

British Aeruspace continued to regain health after last week's savaging on news of the cuts in defence spending and the cancellation of 33 Tornado fighter orders. The shares traded quite briskly and rallied a further A to 5500, although a further 8 to 550p, although Nikko Securities (Europe) recommended investors to reduce holdings in the stock.

In a detailed survey of BAe, Mr Alasdair Stewart believes the group is likely to experi-ence a difficult period for prof-its over the next two to three years. It also faces a signifi-cantly negative cash flow over several years, said the analyst, but he conceded that "this enormous group does have long-term potential."

As one of the leading Euro-pean defence contractors, it is

pean defence contractors, it is in a position to use the forth-coming squeeze in the defence industry to acquire weaker rivals in order to strengthen its market position, suggested Mr

Volume in British Steel failed to match Monday's exceptionally heavy level, but was still high relative to overall market business. A report of discussions with USK, the US steel and energy group, underlined the UK steelmander ker's known determination to expand internationally. prompting support for the shares which settled 1% better at 148p.
Siebe regained much of the previous session's loss as the

financial press gave the group the benefit of doubts expressed over the proposed takeover of Foxboro, the US automation and control equipment manufacturer. At the close, Siebe was 15 dearer at 520p. Further sell recommenda-

tions upset Davy Corporation, NEW HIGHS AND LOWS FOR 1990

FT-A All-Share Index 1200 1150

Equity Shares Traded Turnover by volume (million)

400

down 7 at 217p. Smith New Court took a cautious view of the earnings for 1991 and said the price-earnings ratio is at a premium of 35 per cent to Babcock. "The right price for Davy is 200p, but only for those who can aleep at night," Smith

argued.
Internationally quoted stocks had a bad day as a strengthening pound made buying of the ADRs in New

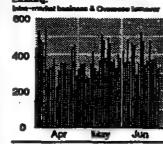
at 1255p.
ICI was additionally unset ICI was additionally unsettled by a cut in profit forecasts from S.G. Warburg, the company's joint broker. The new figure for the current year was believed to be £1.425m, some £50m below the previous estimate, while the prediction for next year was trimmed from next year was trimmed from £1.56m to £1.56m. Warburg was concerned at international trends in the chemicals indus-try and the possible strength-ening of sterling as entry to the European Exchange Rate Mechanism approached. ICI is this morning holding a presen-tation to analysts and institu-tions in London.

tions in London.
Traders noted US selling as
ICI slipped 10 to 1184p. Turnover was a steady 1.3m. Isle of
Man Steam Packet continued

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ARRICANS (2) TRANSPORT (2) TRUST

to benefit from Monday's hid by a subsidiary of Sea Contain-era. The shares rose 11 to 127p,



buying of the ADRs in New York, instead of the shares in London, an attractive prospect. Glaxo and SmithKline Beecham each shed a penny to 810p and 545p respectively. Ever volatile Wellcome gave up 7 to 621p, while US selling undermined Reuters, down 12 at 1255p.

making a two-day gain of 32.
Filofax, the stationary company which has issued a series
of profit warnings, amounced
a recapitalisation in the form
of 2 cash offer from Transood
Earl. The offer is 30p cash for
each Filofax share and values 119p. down 4. the company at about \$4.3m. There is also a rights offer, which has been underwritten by Tranwood Earl. Filofax climbed 5 to 30p. BPB, the UK's biggest plasterboard manufacturer,

underperformed the rest of a very firm building sector, clos-ing 7 off at 230p after Hoare Govett reduced its forecast of pre-tax profits for the current year. BPB is scheduled to announce preliminary results tomorrow, with Hoare going for £128m pre-tax, against £202m the previous year. Mr Donald Anderson at Hoare low-ered his expectation for the current year from £138m to £120m, citing BPB's aggressive pricing and marketing of its products.

Mr Anderson said: "If you want to play in the contracting or building materials sectors ahead of an interest rate cut, we would recommend Redland, RMC or Steetley rather than

RMC, boosted by a Fleming buy recommendation, rose 13 to 707p. Raine attracted sup-port and firmed 2 to 113p. The more positive stance of some specialists towards the commercial property sector, together with the interest rate together with the interest rate factor, aroused an early flury of buying which raised prices quickly. The tempo, however, slackened around midday when the acreen recorded a single transaction of 1.2m shares in Land Securities. Almost immediately, leading stocks came away from the less levels, with Land Securities alipping from 515p to finish 5% higher on balance at 507%p. MEPC reached an identical high before entiting only 2 firmer at 507 har Comment firmer at 503p, but Greycoet performed well, rising 6 further to 417p.

Debenham Townon & Chin-

Debanhan Towon & Chinnocks, the estate agents,
moved ahead 13 to 1149 after
surprising the market with
slightly higher annual profits.
Most food issues retreated as
the sector continued to attract
analysts' attention following
the takeover announced last
week by Philip Morris, of the
US, for Jacobs Suchard, the
Swiss coffee and chocolate
group. Philip Morris's previous
rumoured bid targets, Cadbury
Schweppes and United Biscuits, continued to retreat.
They both lost 6 to 357p. They both lost 6 to 357p. Analysis have been arguing that the competition in the foods sector in Europe will get tougher as a result of the merger. Others to suffer included Associated British

Foods, down 3 at 405p, Hills-down, which peaked at 283p but closed at 283p, a net penny weaker, and Ranks Hovis McDongall, 5 lower at 350p.

An early seller of a long line of Asda stock left the shares weak all day. They closed at

Shares in Psion, the electronics to software group famous for its electronic per-sonal organisers and laptop personal computers, plummeted from an overnight 125p down to 85p after the group issued a profits warning, before stabilising and settling a net 35 oft at 90p.

net 35 off at 90p.

The company said its interim results for the period to end-June, expected in September, "are likely to show a substantially reduced level of pre-tax profits than for the comparable period the previous year." The cause, said Psion, is the poor performance of Dacom Systems, which it of Dacom Systems, which it said will show a significant

The electronic components stocks were fully steady early in the day but came under pressure in mid-session when James Capel issued a take profession when a the profession when the capel issued a take profession when the capel issued as the profession with the profes James Capel issued a take proj-its note on the sub-sector. Mr Jim Ross, electronics analyst at Capel, said the stocks "have had a good run over the past month or so during which they have outperformed by 11 per-cent".

British Telecom were marginally easier at 303%p with turnover of 10m said to have been boosted by institutional buying which was offset by yet more selling from employees who held share options.

The announcement by Motorola that it had developed a satellite-based cellular radio

British Telecom were mar-

potential threat to cellular sec-tor leader Vodafone and trig-gered nervous selling of the Racal "twins". Electronics lost 4 to 197p and Telecom 3 to 243p.
County NatWest was

system was perceived as a

revealed as the instigator of the downgrade in software houses, reducing their Logica forecast to £8m, against the previous year's £18.8m. It reduced its forecast for SD-Scicon to £12m, against £15.5m, and lowered the forecast for Sema from £21m to £19m. "The UK economic slowdown is having a marked effect on turn-over growth and margin performance of UK software houses," said the County Nat-West team. Sema shares put on 10 to 561p on the suspicion that

French group Cap Gemini Sogeti had been adding to its 24 per cent stake in Sema. County's premier recommenda-tions in the sector include Macro, which rose 7 to 305p.

Parkfield, the mini-conglomwhich followed last Thursday's profits warning. The shares fell to a new low of 145p before ending a net 16 off at 152p. Favourable advice from Kleinwort Benson attracted buyers to ML Holdings, up 2 at 113p. Mr Jeremy Allen at the securities house thinks the market will legitimately remain cautious with regard to ML's defence business, but the group has reacted swiftly to reduce its exposure in this

ple of just over seven times is

an unjustified discount to the sector," said the researcher. Gestetner (247p) eased despite analysis issuing posi-tive notices after Monday's first-half trading statement. Heavy vehicle manufacturer ERF slumped after revealing

sharply lower annual profits and warning that trading over the next twelve months will be "very difficult." The shares ended 20 down at 153p. Reliant was another in the sector to weaken, falling 5 to 12p on poor interim figures and a 25.5m rights issue. The funds will be used to finance an acquisition and reduce gearing.

 Other Market statistics. including the FT-Actuaries share index, Page 21

APPOINTMENTS

Swiss Bank senior posts

WISS BANK CORPORATION has appointed Mr Citve Badcock as a managing director and head of the merchant banking group at its London office. He joins from Midland Montagu. Mr Simon Myers becomes a director and head of financial control from July 2. He was a partner responsible for the treasury and risk management group, with Coopers & Lybrand Deloitte

Mr Jonathon Fox has been appointed personnel director of ASDA STORES. Mr Tony Campbell, joint managing director, has handled this function since February 1989 when the then incumbent Mr Graham Stow was appointed chief executive. Mr Fox joins from the National & Provincial Building Society where he was director of group services and head of human resources.

TRENCHERWOOD. Newbury, has appointed to the main board Mr Terry Sofgenam, medgeles director of Trencherwood

Mr D. Clarke, chief accountant, BRITISH GAS eastern, has been appointed assistant to the managing director western regions, national transmission system and construction.Mr David

Brooks has been made director of power generation from July 2. Currently regional deputy chairman of British Gas East Midlands, Mr Brooks has previously held director of engineering posts in two

has appointed Mr Roger Haggerty as director of personnel. He joins from sister company GEC Meters where he was personnel director.

Following a management reshuffle, Mr Geoff Gillespie, former deputy chief executive of UDT, has been appointed managing director of HYUNDAI CAR DISTRIBUTORS (UK). He joined the parent company, I.M. Group, in March as deputy managing director
International
Motors, the holding company for the group's automotive interests. He will retain

this post. Mr Gillespie succeeds Mr Michael Adams, (pictured) who has been appointed to the new role of group corporate finance

Mr Peter J. Lawrence has been appointed a non-executive director of TL. CLOWES & CO. Lloyd's broker.

Mr Anthony Pullinger will join the TAKEOVER PANEL

as a joint secretary from October 1. He was head of UK corporate finance at Laing & Cruickshank.

SIB directors

Mr John Craven, chairman of Morgan Grenfell Group, and a member of the board of managing directors of the Deutsche Bank, has been appointed as a director of the SECURITIES AND INVESTMENTS BOARD, from August 1 for three years. Two members, whose terms expire at the end of July have been re-appointed. Mr Ralph Quartano as a deputy chairman for a further two years, and Dame Rachel Waterhouse as a director for the same period. Two members are retiring on July 31: Sir Mark Weinberg, a deputy chairman, and Mr Eddie Ray. Lord Runciman will succeed Sir Mark as a deputy chairman from August 1 for the remaining period of his term as a director, which runs to July 31 1992.

CAMPBELL LUTYENS HUDSON & CO, a corporate finance advisory company, has appointed Mr Bernard Kelly as its chairman and non-executive director. Mr Kelly, a solicitor, is a director of Barnes Group inc and Phoenix Re in the US, chairman of First Equity Holdings and International Select Fund.

LINFORD BUILDING, Cannock, has appointed Mr

John Foulds as commercial director. He was chief surveyor. Mr Brian James and Mr John Humphries have been promoted to contracts directors from unior contracts managers. Company architect Mr Ted Appleby-Towers has been promoted to director of

 COWIS INTERLEASING. a vehicle contract hire operator, has appointed Mr Demism Watson as sales

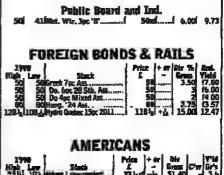
design and build.



Mr Esme Howard (pictured) has been appointed chairman of the MINSTER DESURANCE GROUP, part of Group des Assurances Nationales. He remains chief executive, and succeeds Mr Donald Pearce. Mr John Tarrant has been appointed general manager of Minater's group services

LONDON SHARE SERVICE

BRITISH FUNDS BRITISH FUNDS-Contd AMERICANS - Contd | Prime | 4 or | White | 2991 | Shock | Frime | 4 or | White | 1992 | Shock | 5 or | 10 or | 1 (1) (2) \$2.00 \$2.00 \$2.28 \$1.00 \$1.86 \$1.32 116 | 4 157 | 6 157 | 6 130 | 6 127 | 6 127 | 6 128 | 6 129 | 6 125 | 6 104 | 6 104 | 6 104 | 6 104 | 6 104 | 6 105 | 6 106 | 6 107 | 6 107 | 6 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 | 7 108 244517 113713 | 5 | 49531140811-88812176 | 9 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 | 9859 7's Love Star leds SI.
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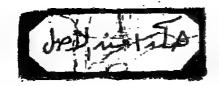
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LONDON SHARE SERVICE	FINANCIAL TIMES WEDNESDAY JUNE 27 1990 Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help deak on 071-925-2128
BANKS, HP & LEASING BUILDING, TIMBER, ROADS - ELECTRICALS - Contd ENGINEERING - Contd INDUSTRIALS (Mis	scel.)—Conto INDUSTRIALS (Miscel.)—Contd.
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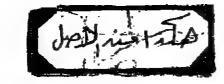


	FINANCIAL TIMES WEDNESDAY I	UNE 27 1990				O Lateral Characteristics	29 ces are available on FT Cityline. To obtain your free
	MOTORS,AIRCRAFT TRADES -				E SERVICE	Share Code Bo	ooklet ring the FT Cityline help desk on 071-925-2128
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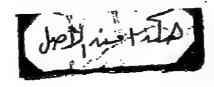
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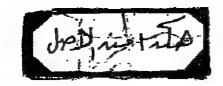
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CURRENCIES, MONEY AND CAPITAL MARKETS

FINANCIAL FUTURES AND OPTIONS

FOREIGN EXCHANGES

Dollar falls on Bush remarks

THE US DOLLAR fell yesterday to a 16-month low against sterling after President George Bush said that "tax revenue increases" would have to be part of any budget deficit reduction package. Although Mr Bush did not say taxes would be raised, the markets moved on that interpretation. Investors sold dollars on the assumption that a reduction in the budget deficit could lead to a cut in interest rates.

The currency markets were initially uncertain how to react but eventually they followed the stock and bond markets in believing that possible tax cuts could lead to lower rates. The dollar continued to weaken after London closed.

But many analysts treated the market's reaction with cau-tion. Mr Robin Aspinall, director of currency economics at Hoare Govett, said traders had been looking for an excuse to sell the dollar. "It's been strug-gling recently to hold at the higher levels and had been due

Mr George Magnus, chief international economist at Warburg Securities, said: "Does Mr Bush mean higher taxes or more efficient tax col-lection? Whatever the answer, the changes will be a long way off and the impact on rates will be even further out."

June 26	Litter	1		Clase		
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Forward premises and discounts apply to the US dollar STERLING INDEX June 26 Previous						

June 26	Bank	Special*	Europeau †
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CURRENCY RATES

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Kowail Luxembours	0 50570 - 0.50660	0 29280 - 0 29320
Malaysia	4 6990 - 4 7055	2 7100 - 2 7120
Mexico N Zealand	4950 55 - 4955 15 2 9480 - 2 9525	2855 00 - 2545 00 1 7005 - 1 7025
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Safifes	6 8945 - 7 0350 46 80 - 47 45	3 9780 - 4 0570 27 40 - 27 45
UAE	6.3405 6.3460	3 e715 - 3 e735

MONEY MARKETS

sterling continued to be buoyed by high interest rates. The key three-month interbank rate was quoted at 14½-14½ per cent from 14½-14½, while one-year money cased to 14½-14¼ from 14½-14½.

in the futures market prices were unchanged to firmer and

stuck in extremely narrow ranges. Turnover was low as

investors lacked incentives to

take fresh positions. The Sep-

tember short sterling contract was unchanged at 85.48, while

UK clearing bank base lending rate

In its daily credit market

operations the Bank of

England initially forecast a

shortage of £550m, which it revised to £450m at noon and finally to £400m during the

afternoon. Total help of £330m

During the morning the Bank bought £119m, of which

£57m were band 1 bank bills at

14% per cent. In band 2 at 14%

per cent it bought £1m of local

authority bills and £61m of bank bills. After lunch the

Bank bought £141m of bank

bills. In band 1 it purchased £126m at 14% per cent and in band 2 £15m at 14%. Finally,

was given to the market.

December rose 4 to 86.33.

UK rates soften

UK money market rates were slightly softer yesterday as provided.

provided.

Of the factors causing the shortage, bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills were forecast to drain Fessor a rise in the rote.

drain £589m, a rise in the note circulation £5m, while bankers'

balances were £95m below

target. But this was partly

offset by Exchequer transactions, which were estimated to have added

1240m. In Frankfurt call money

rates hardened slightly as liquidity was drained by end of month tax payments. Call

money was quoted at 7.90-7.95

per cent from 7.80-7.90.
However, the Bundesbank's injection of short-term liquidity earlier in the week prevented call money from rising to the 8.0 per cent emergency rate. Mr Larry Anderson executive director of

Anderson, executive director of

Deutsche Bank Capital Markets, said the recent rise in

call money rates was due to

technical factors and had no

policy significance. But he

forecast that rates could be volatile next week as East

German banks are integrated

In New York the Federal

Reserve, as expected, added \$1.5bn in liquidity using

customer repurchase agreements. At the time of the operations Federal Funds were

point higher at 8% per cent.

into the banking system.

But analysts added that uncertainty about the outlook for US monetary policy could make the market nervous to drive the dollar sharply lower. Recent economic data has suggested slower economic growth but the Federal Reserve could leave rates unchanged in order to avoid a resurgence of inflationary pressures. The dollar closed lower at DM1.6715 from DML6780; at SFr1.4050 from SFr1.4095; at

Y155.15 from Y155.35; and at

FFr5.6075 from FFr5.6325. The

dollar's index, calculated by the Bank of England, fell 0.1 point to 67.4. The dollar's weakness helped bolster the D-Mark, which had fallen at one stage to the bottom of the European Monetary System currency grid. The uncertainty over the implica-tions of German monetary union, which begins next week, made traders nervous. The D-Mark strengthened to

London close it had moved or the bottom of the EMS grid. Sterling continued to be su ported by high interest rates although there were signs that

its recent rally may be drawin to a close. Despite its gain against the dollar, sterlin struggled to hold above DM2.9 and eventually fell back t close lower on the day. Sterlin closed lower at DM2.9000 from DM2.9025; and at FFr9.732 from FFr9.7475. But it firme to \$1.7355 from \$1.7305, its high est close since 28 February 1989; and to Y269.25 from 1268.75; and was unchanged a SFr2.4400. Sterling's index wa up 0.3 point at 91.5.

The Canadian dollar contin ued to be supported by high interest rates despite worries about political instability after the collapse of the Meech Lake constitutional accord. The US dollar fell to 1.1739 Canadia

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Company Comp	Jun 2		LEFT.							(Inc Year	
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EURO-CURRENCY INTEREST RATES

	Eco central rates	Currency association against Eco June 26	% change from central rate	% charge adjusted for divergence	Ohergesco Jirok %
leigise Franc Sants Kreee jernan D-Mark Pesch Franc Setch Guider rish Past	42 1679 7,79845 2,04446 6,85684 2,30366 0,763159 1529,70 132,889	62,1786 7,84176 1,04176 2,1272 6,92490 2,32732 6,764992 1511.17 126,798	40.40 40.40 40.40 40.88 41.21 4.01	+0.21 -0.47 +0.61 +0.61 +0.65 -1.40 -4.61	±1.5508 ±1.6453 ±1.1762 ±1.3618 ±1.5272 ±1.5162 ±4.2705
Drawges are for Ecu, the	erriore positive d	hange denotes a vo	cak corresity		

		100	CHA	MOE	CHC	188	RATE	35		
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DM YEM	0.345 3.713	0.599 6 446	10.77	92.86 1000	3.356 36.14	0.841 9.061	1 128 12 14	爲4	8.702 7.557	30.52 230 9
F Fr. S Fr.	1.027 0.410	1.784 0.711	2.980 1.184	27h 7 110 4	16 3 989	2.507 1	3.360 1.340	2182 870.5	2.071 0.834	21.11 11.11
H FT. Lica	0.306 0.471	0.531 0.817	1.365	80.35 124.6	2 976 4.510	0.746 1.149	1 1.540	649.5 1000.	9.622 9.756	18 20 20.01
C S B Fr.	0 491 1 661	0 853 2 918	1.85 4.874	132.3 452.6	4 783 16.36	1 199 4.101	1607	1044 3570	1 3 420	29 24 100.

MEW YORK

Jan 26

Interbank Offer
Interbank Bid
Sterling CDs.
Local Authority Deps.
Local Authority Bonds

LATE LANG GLT PATRIES OFFICES	LIFFE US TREASURY COMM FORMES OFFINES SIDE, SOR ANDS of 190% SIDE, SOR ANDS of 190%
Strike Calin-actionetts Puts-residencest Drive See Rec Sm Dr.	
Price Sep Dec Sep Dec 20 Dec 2	Strike Calis-mentestrate Pres-conferences Strike Calis-mentestrate Pres-conferences Pres-confe
Estimated Volume total, Calls 801. Puts 192 Previous day's open lar. Calls 17400 Puts 1246	Estimated values: total. Calls 25 Feb; 5 Professing's open Int. Calls 1996 Pals: 1174 Professing's open Int. Calls 1996 Pals: 1174
PE LIFFE EUSCHLANK OFTENS 91 Willia points of 100%	LIFFE ENGINELIAN OFTENES LIFFE SHORT STEINING OFTENES Sim galant of 100% £500,000 paints of 100%
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Estimated volume total, Calls 430 Pets 1510 Prestons day's open int, Calls 80.70 Pets 2634 85	Estimated volume total, Calls 30 Pag. 8 Provious day's open Int. Calls 30/6 Pag. 1188 Provious day's open Int. Calls 30/6 Pag. 1188 Provious day's open Int. Calls 31/16 Pag. 46261.
D- LONDON (LIFFE)	CHÍCAGO
25-YEAR 9% NOTENNIL CELT CSU,000 32mb of 200%	U.S. TREASCHY SHORES CICHI O'N. SAMA,000 32mic of 200% Lales film Low Prev. Lales film Low Prev.
Et Jun 55-27 85-21 85-34 85-55 85-21 85-86 86-13 86-15 85-22 85-86 85-87-80 86-23 85-86 87-80 88-23 85-80 87-80 88-23 85-80 87	Latest High Low Prez. Latest High Low Prez.
27. Estimated volume 22792 (18247) Previous day's upon int. 36841 (256839	Mar Would Water Water Bearing Mark many
US TREASURY BRITIS 8% \$1,00,000 32min of 100%	Sep
Cheer Blads Law Fr 5-16 93-16 93-19 92-23 93- 10 Dec 93-07 93- 16 Mar 93-00 93-	U.S. TREASONY ALLS COMM Sim paids of 100 %
Estimated volume 1972 (738) Previous day's open let. 5940 Mail 29	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
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Legal Joseph Lloyd Bank Lloyd Ban **LEGAL NOTICES** IN THE HIGH COURT OF JUSTICE

Chartertosse Bank
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 City Merchants Bank
 Clydestale Bank
 Ouzea, Bk of London Plc
 Ouzea, Bk of London Plc

CHANCERY DIVISION

CAG-40 PUTTUES CHATEF) Shock Index

1728 1705 Last 1546

Latest Nigh Law Pres. 17054 17096 17058 17042 16834 16838 16830 16794

Estimated volume 34830 (12250) Previous day's case int. 63275 657839

THREE MANTH SCH SCU In points of 198%

FT-SE 100 DRIES E25 per tall bales point

SMA-STERLING Score (

Treasury Bills and Bonds

\$ 15-8.30 78-103 81-7 8 18-8.29 78-74 114-104 53-78 104-202

849-8-25

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9.00 9.50

FT LONDON INTERBANK FIXING

The fining rates are the arithmetic means rewarded to the retarest one-statement, of the bid and differed rates for \$10m quoted to the market by The reterence beaus at 11.00 a.m. saich working day. The banks are flational Westenhauter Bank, Bank of Tokyo, Devotche Bank, Bank of Parks and Morpan Gazaranty Treat.

MONEY RATES

LONDON MONEY RATES

7.80-7.95 94-93 84-9 7.98-8.05 713-71 11-11-1 92-95 104-18-2

15 14%

14%

Treasury Bills (settl; one-month 14% per cent; three months 14% per cent; Bank Bills (settl; one-month 14%) per cent; three months 14% per cent. Treasury Bills; Average tender rate of discount 14 31.52 o c 6000 Fixed Rate Sterling Engort Finance, Maire up day May 31, 1990. Agreed rates for period June 26, 1990 to July 24, 1990, Scheme in 15, 91 p.s., Scheme in 16, 44 p.c., Reference rate for period May 1, 1990 to May 31, 1990. Scheme in 15, 201 p.s., Scheme in 16, 44 p.c., Reference rate for period May 1, 1990 to May 31, 1990. Scheme in 15, 201 p.s., Continued in 15, 201 p.s., Scheme in 15, 201 p.s., Continued in 15,

15

Re: CE PIRET BOSTON GLOBAL FUND MANAGERS LIMITED rrly Credit Sulsee First in Asset Management Au: THE COMPANIES ACT 1985

the High Court of Justice (Changery Division) dated the 13th November 13th topic (changery Division) dated the 13th November 13th topic production of the captile of the sprove-stand Company and the Minute approved by the Court abouting with respect to the captilla as attend the serveral Particulars required by the above-constituted Act were registered by the Steelstere of Companyion to the Sandard of the Sandard Sandar

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Shethers \$1 ZET Office holder numbers 2002 and 5002 Date of appointment, 15 June 1900 Herms of appointer; Yorkshire Bank PLC

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LIND-WALDOCK & COMPANY



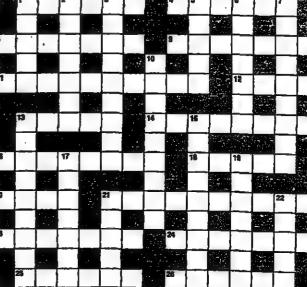
0836 405 460



JOTTER PAD

CROSSWORD

No.7,274 Set by DANTE



ACROSS
1 Rift created by a broken promise? (6)
4 Free with money (6)
8 Showed politeness to a lady, but not to your girl-friend

(5,2)
9 Children's playthings? (7)
11 Important question of the elder offspring? (5,5)
12 People go crazy running it

13 Material that's light to put on (5) 14 Growth of conciliation rejected by workers – a bad

sign (4.4) 16 Believe Bill has surplus wealth (8)
18 Liberated males may make them (5)
20 Girl I object about (4)
21 Cold food eaten like a baby

(10) 23 Kenneth comes in to work in the garden for a few days (4-3) 24 Made provisional arrangements (7) 25 He is unusually tense about

mid-afternoon (6) 26 Tenant the French understand (6)

DOWN

1 Article on the two prime ministers of S. Africa (5)

2 Firm in money manage-

3 Warned about education! (9) 5 Left in a unit entirely with-

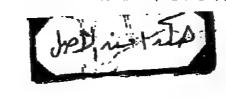
5 Left in a unit entirely with-out support? (5)
6 Parson crazed with love for a highly vocal female (7)
7 Markets in which you see some strange animals (9)
10 Confirm when definite (9)
12 Scattered once and never to 13 Scattered once and never to get together again (9) 15 I'm to intercede without

delay (9) 17 Blackfoot, for example, strange though it may seem (7) 19 Rawness can produce the

wrong ones (7)
21 Figures it's only one among hundreds (5) 22 A Belgian town is the subject (5)

Solution to Puzzle No.7,273





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2738.24 (1/2)

1582.61 (2/5)

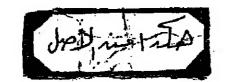
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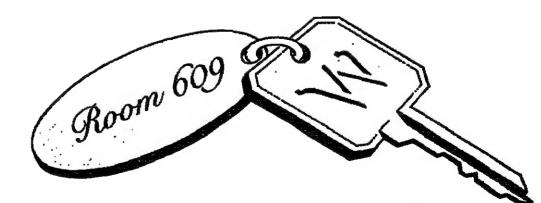
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30NE 27 1990	WORLD STO	CK MARKETS	X 2 3
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Gestert 6,410 -40 Cen Groupistage 71.136 -15 Linkeyer 3.05 bigroom 5130 -5 Gen Occidentale 780 +10 Leiffest 790 Leiffest 7	MMB Postback 49 Gg 40 5 250 420 19 19 184	56290 Campana I 180 145 160+ 12 13300 C NorWest I 124 120 121+ 1 14725 C Packes \$125, 124, 124, 124, 124, 124, 124, 125 160 C Expres I 39 37+ 1 36183 CI Bit Com 3555, 2514, 144, 144, 1470 C Marconi 3914, 914, 914, 914, 914, 914, 914, 914,	12 6 + 12 16 1 + 13 6 12 18 + 13 6 13 15 13 15 15 5 329 + 5
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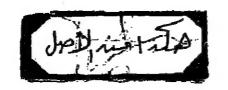
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Profit-taking erodes gains inspired by hint on taxes

Wall Street

A LATE round of futures-related programme selling pushed equities marginally lower in the last half hour of trading yesterday, after an early burst of buying on the suggestion by President George Bush that he may have reversed his pledge not to raise taxes, writes Janet Bush in

The Dow Jones Industrial Average closed down 2.73 points at 2842.33 on moderate volume of 141.4m shares, after standing 30 points higher early in the session. The Dow had closed 12.13 points lower on Monday at 2,845.05.

Other major indices were also modestly lower with the Standard & Poor's 500 quoted down 0.14 point at 352.17 and the Nasdaq Composite index of over-the-counter stocks off 0.26 point at 455.38

Among blue chip issues, International Business Machines gained \$% to \$116%. The company yesterday unveiled a new line of home computers, re-entering a mar-ket in which it failed to make an impact in the mid-1980s.

American Telephone & Tele-graph was unchanged at \$41%, Philip Morris continued to gain in the wake of its agreement to buy the bulk of Jacobs Suchard of Switzerland, rising another

\$1/2 to \$46%, and Merck was quoted \$1/2 higher at \$82%. A hint that taxes may be raised as part of a package to cut the budget deficit came in a statement from the President after a meeting with Congres-

sional budget negotiators. President Bush said tax revenue increases were needed to cut the budget deficit. Demo-crats responded by saying that an agreement on the budget could now be reached by mid-

These developments boosted both equities and bonds. The strong early start on the equity market had also been parily due to a better performance in the Tokyo market which over-night closed higher to end a three-session losing streak. The positive effect of the tax remarks were short-lived on

the equity market which once again fell prey to profit-taking. The failure of shares to maintain their morning highs, despite the fact that long-dated bonds maintained gains of ½ point at midsession, was disap-pointing and provided evidence of the softness of support at

Technical indicators continue to signal that the market is vulnerable to selling at these levels. One important bear sig-nal has been the poor perfor-mance of the Dow Jones Trans-portation 73 Average and the Dow Jones Utilities Average which both fell to their lowest levels on Monday since early

Another reason for the vulnerability of the market is concern about second quarter corporate profits. There were major companies affected by these considerations yesterday.

Caterpillar continued to plunge in the wake of the com-pany's forecast that earnings for the second quarter and for the year would be lower than year-ago levels.

Having lost \$5 on Monday, Caterpillar slumped another \$6¼ to \$52%.

Surprising strength in the Canadian dollar hoosted hopes of dropping interest rates and pushed Toronto stocks higher in sluggish trade, dealers said. Bank shares carried the day, but investors are still wary of Canada due to growing Quebec nationalism, they added.

The composite index gained 20.97 to 3,495.13 on volume of 16.75m shares. Advances led

declines 314 to 256.

President Bush's statement that he may raise taxes to cut the deficit rallied stocks at the

The Canadian dollar closed at 1.1710-15 against the US dol-lar from Monday's close of

Steadier yen sparks rally fuelled by bargain buying

Tokyo

A HALT to the decline in the yen, and moves to calm interest rate fears sparked off a round of bargain hunting yes-terday after Monday's sharp fall. High technology issues led a rebound on the market and share prices closed higher for the first time in four trading days, urites Michigo Nakamoto

The Nikkei average rose 447.58 to 31,571.77. The gain was enhanced by arbitrage buying which came in as futures appreciated, producing a strong boost towards the

The day's high was 31,572.85 and the low 31,086.34. Rises outpaced falls by 655 to 286 and 174 issues were unchanged. Turnover improved from 300m bly lower than levels reached in better times. The broad-based Topix index improved don, the ISE/Nikkei 50 index put on 2.61 to 1735.32.

A good deal of yesterday's strength was attributed to aggressive buying by securities houses, which took their cue from investment trusts. An estimated Y900bn of new investment trust funds, 80 per cent of which would be directed towards equities, is expected to be launched after this Friday, a broker said.

Otherwise, the market out-look showed little sign of improvement. Mr Paul Muller at Schroder Securities said: "I am very, very sceptical [about the market's rise]." The Bank of Japan, which was thought to want to keep interest rates at about present levels, yesterday injected liquidity into the money market; but this indicated that there was continuing upward pressure on rates. High-priced high technology issues with good earnings were popular yesterday for their

NATIONAL AND REGIONAL MARKETS

Figures in pa show number per grouping

Australia (8

generally lower price-earnings ratios, their export business, which would make them beneficiaries of a weaker yen, and their high prices – offering the prospect of short-term profits. Winners included Fuji Photo Film, which was up Y110 to Y4,390, and TDK, the maker of magnetic tapes, ahead Y250 at Y7,050. Pioneer, the audio maker, rose Y80 to Y8,150 and Sony added Y60 at Y8,510.

Komatsu Seiren, a textile maker, rose Y60 to Y1,340 on expectations of a double digit increase in pre-tax profits in the year to March 1991. Citizen, known for its watches, put on Y80 to Y1,150 in active trading, with investors encouraged by buoyant sales of its floppy disks and machine tools. It was fifth on the setiments

Alps Electric firmed Y80 to news that it would produce liq-uid crystal display units in West Germany. This would be a first for a Japanese maker in

the actives list.

a first for a Japanese maker in the European community.
Investors were keen on scrip issue prospects. In this category, Kyocera, which makes semiconductor parts and equipment, climbed Y160 to Y8,330.
Bargain hunting helped Nippon Steel, which topped the actives list with 10.8m shares traded, and Mitsuhishi Heavy, in second position on Y9.8m

in second position on Y9.8m shares. Both gained yesterday despite rising interest rates. Nippon Steel added Y14 at Y565 and Mitsubishi Heavy Y10 at

Osaka enjoyed a moderate rebound which took the OSE average up 120.76 to 34,688.76. Turnover showed a significant rise to 60m shares from Mon-

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FORTUNES varied widely in the Asia Pacific region yester-day, with Hong Kong hitting a 13-month high and Taiwan fall-

ing to an 18-month low.

HONG KONG extended its rally to eight sessions, rising to its best level for more than a year, although profit-taking trimmed gains. The market welcomed the release of Fang Lizhi, the Chinese dissident, on Monday, shares also responded

to end-of-quarter buying.
After gaining more than 28 points in early trading, the Hang Seng Index finished 15.91 up on balance at 3.292.35, compared with 3,309.64 on May 15 last year. Turnover expanded to a 13-month high of HK\$2.46bn, against Monday's level of HK\$2.34bm.
TAIWAN fell sharply in late

trading as selling of banking stocks spread to the rest of the market. The weighted index dropped 274.43, or 4.9 per cent, to 5,294.12, its lowest level since January 7, 1989, as turn-over rose to T\$48.43bn from Monday's T\$42.17bn.

The index has fallen 57.6 per cent since February 10 this year, on Monday, Finance Min-ister Wang Chien-hsien announced a series of measures intended to revive and

stabilise the market.
AUSTRALIA finished barely changed in thin trading after arbitrage trading eroded early gains. The All Ordinaries index ended 0.2 higher at 1,518.1, after hitting 1,518.5, on turn-over of A\$167m, down from Monday's A\$201m.

CSR was the most active stock with 4.28m shares traded in anticipation of its dividend payment of 24 cents, to be paid next month, and on option-re-lated trading. The stock firmed 2 cents to A\$5.38.

NEW ZEALAND was mixed in busy trading, with corporate news spurring foreign investors into action. The Barclays index edged up 0.42 to 1,785.46 in turnover of NZ\$28.5m, up from Monday's NZ\$13m.

MANILA fell again on profit-taking, with the composite index losing 13.63 to 905.30.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood

Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

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Gross Div. Yield

Jim Bodgener explains how Turkey's bull run has finally brought companies to market

Series of new issues helps anchor Istanbul

PRESSED BY high bank is not expected in the near interest rates, Turkish industrial conclusion industrial conglomerates and financial institutions are at last releasing their equity, once jealously guarded by their predominantly family owners. A series of issues,

large by Turkish standards, has helped to anchor the Istanbul stock exchange, the IMKB, after a bull run lasting from early 1989 until this spring. New private sector issues in the exchange's junior market this year have totalled about

28m shares with a value of about TL250bn (\$96m). Entry to the senior blue chip market depends on their performance during a six-month period. A broker in Istanbul said:

"This indicates that the exchange is coming of age, as a means of extending the country's narrow savings base." It appears to have stabilised after the wide fluctuations between its revamp in 1986, and its last nadir in early 1989 - although, with the flood of new issues, a sumption of the bull market

Since late spring, the mar-ket's IMKB index has oscillated between 3,600 and 4,000, closing yesterday at 3,700 on a trading volume of TL53bn, which IMKB officials described as a normal level for the past few

The conditions that produced the recent rally - unattractive yields from deposits, foreign exchange and gold by comparison with equities – still exist.

Few companies release more

tempted to seek listings

DAX closed 7.92 lower at 1,888.29 — still more than 100 points higher than its close on

Wednesday, June 13.

Mr Werner Wanke, head of securities at B Metzler in Frankfurt, said that the rise over the last week had reflected mostly domestic buying and the absence of foreign selling. Yesterday's reaction, he said, came from the position of the DAX near the typ of an

of the DAX, near the top of an 1,800 to 1,900 trading range in a "whipsaw" market, which is

expected to produce volatility

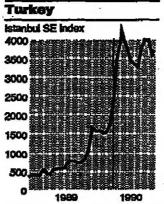
expected to produce volumity until the spending and savings results of German reunifica-tion have been digested for a short period, perhaps by mid-

August. Mr Wanke thinks that equi-

But with high interest rates on bank loans and the reluctance of some banks to lend to industry, companies are choosing the relative cheapness of the exchange for fresh funds. "Why pay so much interest when the exchange represents almost zero-cost and exchange represents almost zero-cost and the cost and the cos fund-raising?" asked an IMKB

than the minimum 15 per cent of total capital required for a new listing. Turkish companies

because they are generally the brown and white goods under-capitalised. For example, manufacturer and a subsidiary the Sabanci group sold off 15 per cent of the equity of its Yunsa cotton, woollens and



carpet subsidiary in early April, to raise funds to help it triple its 4,000 tonnes a year production capacity. Another new issue, listed from today, is that of Vestel,

of the UK's Polly Peck International, controlled by Mr Asil Nadir, the Turkish-Cypriot entrepreneur. When the issue closed last Thursday, 15 per cent, or 2.25m ordinary shares, had been sold, from which Polly Peck International received TL300bn to reduce

group debt and to expand

Foreign interest in the new issues is also strong. Garanti Bankasi, the bank, placed TL160bn of shares in the market last month. Acting as its own marketmaker, it has already sold about \$10m worth tutions in Europe, the US and Asia, and anticipates selling another \$25m to \$30m worth in the short term.

The popularity of new issues with investors meant that demand for Garanti shares was high, even though bank stocks tend to be less active than ties. Garanti was the seventh

bank to be quoted on the

exchange.
Another leading institution expected to seek a listing next month is Akbank, owned by the Sabanci group. Akbank. will be looking for foreign partners through the exchange, said Mr Tufan Darbaz, Sabanci's assistant financial manager. At first, about 15 per cent of the company's TL1 trillion capital will be floated, although the minimum float is not a limit, said Mr Darbaz, but a starting point.

Some institutions need to divest industrial or real estate holdings to comply with new capital adequacy regulations to bring the banking sector into line with EC standards.

Speculation has centred on the partly state-owned is Ban-kasi, which has widespread industrial interests. The institution is not planning an issue to supplement the 21 per cent already quoted on the exchange, although it may do so next year, said Mr Ahmet

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Paris rises again as Frankfurt slips back

the early good news from Wall Street yesterday, although domestic considerations seemed to hinder progress in Frankfurt and Milan, writes Our Markets Staff.
PARIS responded with

PARIS responded with enthusiasm to an early turnround in the bond market in
New York and a strong opening on Wall Street, and share
prices advanced in slightly
heavier trading. The CAC 40
index gained 13.32 to 2.053.40 —
its sixth consecutive rise — in
turnover estimated at FFr2m turnover estimated at FFr2hn to FFr2.5bn after Monday's FF12hn. There was more for-eign interest than of late, according to one dealer, especially from the UK.

Investors sought blue chips and those stocks with healthy

dividend payments imminent, such as Pechiney International such as Pechiney international which rose FFr4.40 to FFr144.50. Pechiney was one of two packaging companies moving on the the Monep options market this week, the other being CMB. Yesterday CMB, which has had regular speculative runs on expectations that MB Group of the UK will sell MB Group of the UK will sell its stake, gained FFr5.30 to FFr196 in volume of 445,200

moved slightly higher in heavy volume of 942,050 shares, adding 70 centimes to FF199.90, after reaching a day's high of FF102.50 in a technical reacechnical reacers suggested, however, that the share price had further to fall in the short term.

Also in the auto sector, Peugeot, which holds its annual general meeting today, gained FFr13 to FFr844.

Trill to FF1844.

Trading in Havas, the media group, was active again, with one block of 146,000 shares, or 0.4 per cent of its capital, traded at FF1650. It closed at FF1671, up FF118, in overall volume of 273,600 shares.

Générale des Eaux, the water utility, closed down FF13 at FF72,678 after a low of FFr2,622. The company said that profits growth this year would be weaker than last, and announced plans for a

SOUTH AFRICA

ANOTHER FALL in the another fall in the bullion price wiped out early gains by gold shares in Johannesburg. The JSE Gold index closed at 1,440, down 2, after reaching 1,467. The overall market rose slightly, helped by a weak financial rand.

1990 Low

125.85 193.15 132.11 130.37 236.69 129.99

Index

220.80 127.57 114.77 224.86 112.20 141.03 115.52 135.19 166.17 57.91 139.41 1605.84 151.63 151.13 150.24 197.76 143.74 143.74

168.85 137.71 135.96 198.57 109.28 245.32 245.32 249.86 75.36 245.90 245.90 251.39 168.23 168.23 168.23 168.46 148.55

The Bundesbank's average bond yield fell another 2 basis issue with warrants, with details to be given tomorrow.

FRANKFUET'S seven-day rally came to a halt as profit-taking reversed early gains.

After early rises of 5.46 for the DAX index and 2.54 to 737.45 points yesterday to 8.90 per cent but, he says, the fall of 11 basis points in the past six working days reflects a technifor the FAZ at midsession, the

"Last week bond traders went short, but there was no follow-through from real investors," he explains. "So the traders had to cover their short positions and prices went up." There is real hope for bonds now, he thinks, with domestic investors coming in as "real" huvers and foreign institutions. buyers and foreign institutions only marginal sellers; but this is a promising situation, rather than the breakthrough. MILAN finished mixed after

a volatile session, as early gains were crased in the second half when the compute maker, Olivetti, came under heavy selling pressure. Mr Carlo de Benedetti warned last Friday that 1990 would be another difficult year for Oli-vetti; yesterday the shares fell to 16,640 against a low of L6,590, an official close of L6,750 and Monday's L6,820. The Comit index finished

pace the rest of the market. In telecoms, Stet. continued its advance and rose L89 to L6,901 on active foreign interest. AMSTERDAM was boosted

hy Wall Street's firm opening and by continued interest in food companies. The CBS tendency index rose 0.5 to 121.5. Figures for April retail sales showing a rise of 6 per cent lifted Ahold Fl 2.50 to Fl 148, while food companies continued to rise in the wake of the bid for Jacobs Suchard of Switzerland. Wessanen, the food conglomerate, rose Fl 1.70 to F173.20, Nutricia-VB gained F11.80 to F199.80 and CSM added F11 to F185.

Venture Fonds Nederland, the investment company, gained Fl 12.30 to Fl 50 after the company predicted a sharp profits rise for its extended financial year from June 1989 to December 1990.

ZURICH improved late on indications that the US administration was becoming more serious about coming to grips with its budget deficit. The Crédit Suisse index inched up by 1.2 to 663.8.

Registered shares of Hols-stoff Holding, the paper-maker which opened this class to for-eigners for the first time yes-terday, rose SF1350 to SF15,250. while the bearers fell SFr300 to

MADRID continued to focus on the electrical utilities sec-tor, which again attracted for-eign demand. Iberduero gained Pta32 to Pta732, Endesa rose Pta65 to Pta2.515 and Hidrola picked up Ptal5 to Pta571. The general index rose 1.54 to

STOCKHOLM was buoyed by secondary stocks, which have lagged behind the blue chips, but turnover was generally light. The Affarsvärlden General index gained 7.1 to 1,287.8. Astra, the pharmaceutical company, continued to benefit from prospects for Losec, its anti-ulcer drug, gaining SKr10 to SKr555

VIENNA rose again on demand from foreign investors, with the bourse index advanc-ing 9.11 to 660.34 in busy trade.



SO WHERE'S THE CATCH?

None.

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